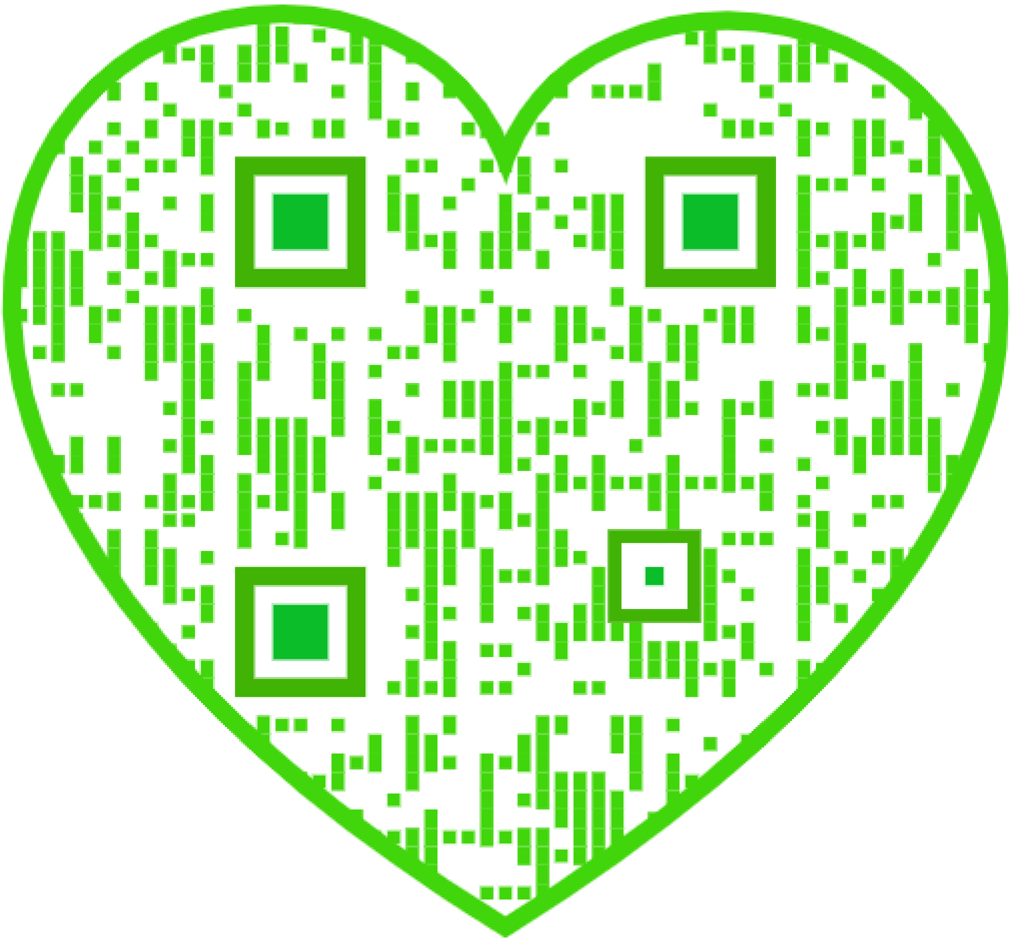
Bloomberg Businessweek

February 2025

“We are here to build super-intelligence”

An interview with Sam Altman on the future of OpenAI and ChatGPT

A Bloomberg Publication



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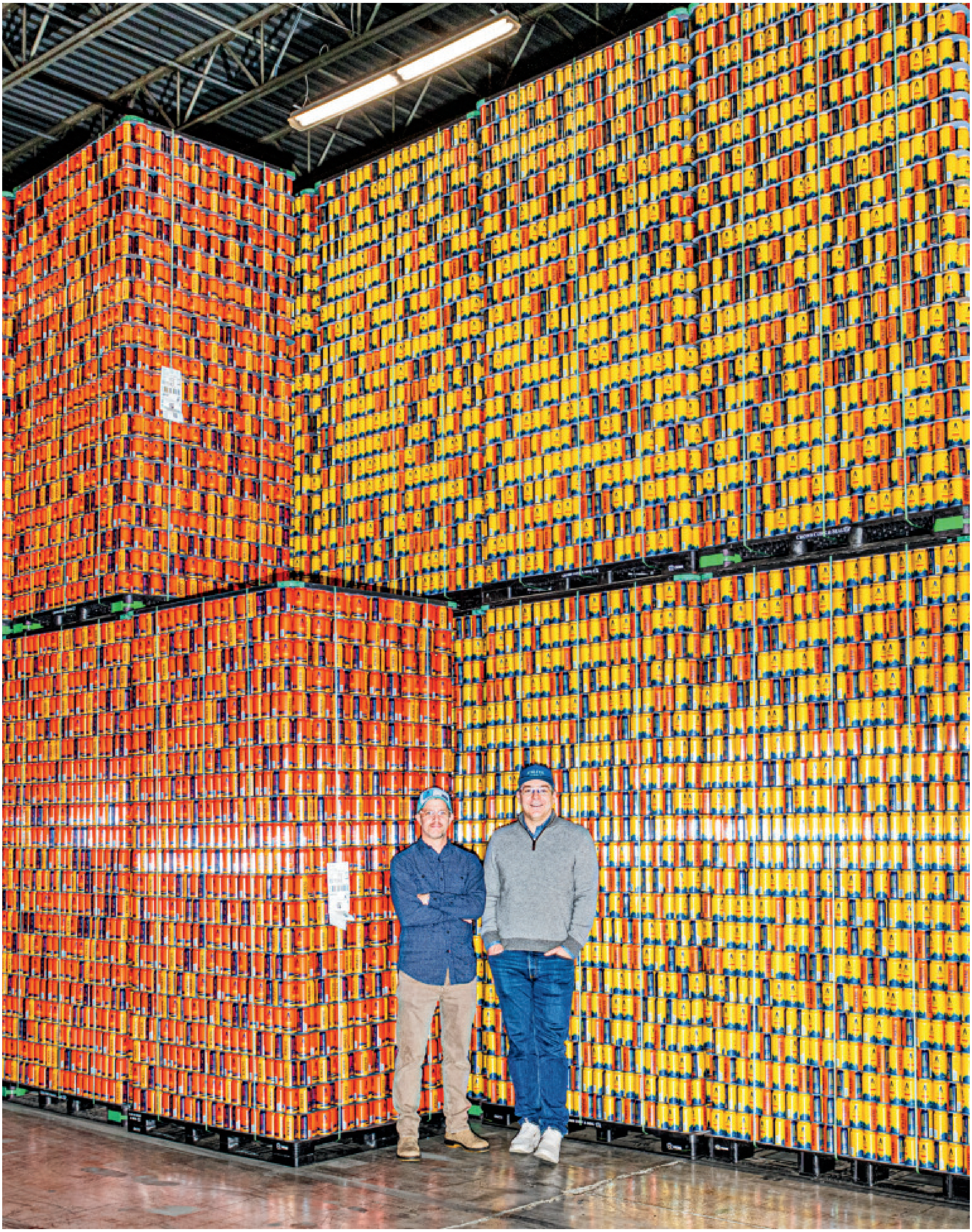

PHOTOGRAPH BY EMMA ROSE MILLIGAN FOR BUSINESSWEEK

John Walker and Bill Shufelt, co-founders of Athletic Brewing Co. ▷ 58

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Answers for Play Money

1. Zuckerberg: +$79b **2.** Huang: +$70b **3.** Walton: +$39b **4.** Adani: -$6b
5. Rinehart: -$8b **6.** Arnault: -$31b

Contributors

● **Michael Albertus**, a professor of political science at the University of Chicago, is the author of *Land Power*.

● **Josh Tyrangiel** is an Emmy- and Peabody-winning producer and former editor of *Bloomberg Businessweek*. He interviewed OpenAI's Sam Altman in San Francisco over two consecutive days.

● **Tim Loh** is a consumer reporter for Bloomberg News in Munich. For his story on the upstart shoe brand On, he went to Zurich, where he felt utterly helpless trying to understand Swiss German. Luckily, everyone also spoke English.

● A *Businessweek* contributor since 2018, **Andrew Zaleski** thinks a nonalcoholic beer can be great on a Friday night. But if it's been a taxing week, he reaches for Jack Daniel's.

● **Alison Roman**, a cook and writer based in New York City, is the author of the bestselling cookbooks *Sweet Enough*, *Nothing Fancy* and *Dining In*.

Cover

Photo illustration by Danielle Del Plato; background illustration by Chuck Anderson, using Krea.ai; photograph by Mercury. Anderson wanted to make Altman one with the AI, taking a tool he's greatly responsible for and folding him into it.

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THE ORIGINAL INFLUENCER

RANGE ROVER

RANGE ROVER

Vehicle shown: 2025 Range Rover. © 2025 Jaguar Land Rover North America, LLC

Remarks

Is Deglobalization Even Possible?

● By Brad Stone

There was once a widespread notion that the tides of globalization were as immutable as the weather. "Globalization is not something that we can hold off or turn off: It is the economic equivalent of a force of nature, like wind or water," US President Bill Clinton said during a speech in Hanoi in 2000. His British counterpart, Prime Minister Tony Blair, concurred at a Labour Party conference in 2005. "I hear people say we have to stop and debate globalization. You might as well debate whether autumn should follow summer. They're not debating it in China and India. They are seizing its possibilities, in a way that will transform their lives and ours."

That prevailing metaphor—which assumes that the world is getting smaller and flatter, that borders will open and free trade will grow—has been under assault for the past decade. Over the last few months, it may have collapsed for good. President Donald Trump has promised tariffs, mass deportations and withdrawals from military alliances and multinational agreements on climate change. Moderates have suffered significant political defeats in Canada, France and the UK, while the German government of Chancellor Olaf Scholz, a Social Democrat, fell outright, paving the way for elections in February that may see the rise of nationalist parties. Meanwhile, world leaders have almost universally retreated from the idea that, despite short-term discomfort, globalization will make everyone better off.

What happened? Over the past 40 years, economic growth in China soared as markets opened to the country's products, and 800 million Chinese citizens escaped poverty. The impact in developed nations was much harsher. While the rich got richer, minting nearly 700 more billionaires in the US alone since 1990, manufacturing hubs in the US and Western Europe were hollowed out, and the middle class stagnated. The cumulative effect scarred the electorate, setting the stage for unorthodox politicians and would-be autocrats rushing to show that globalization was anything but inevitable. "Clearly the narrative was faulty, and the physical metaphor was wrong," says Dani Rodrik, a professor at the Harvard Kennedy School. "Globalization didn't fall in our laps from the sky. We made it, and we could remake or unmake it."

We're now in the age of so-called deglobalization, with countries prioritizing their national interest over the global good. But look more closely and the picture is blurred. The volume of global merchandise trade was up 3.3% through the third quarter of 2024 from the same period a year earlier, according to the World Trade Organization. This vibrant global market has minted entire industries. China's subsidies of its domestic green industries have led to the rise of companies such as BYD Co., which ships cheap electric vehicles around the world, and a sharp decrease in the cost of technologies like solar panels and batteries. The Joe Biden administration, which adopted many of the tariffs from Trump's first term, funneled $300 billion into clean energy initiatives via the Inflation Reduction Act of 2022, partly in anticipation of vigorous international demand for reducing climate emissions.

In many industries, you'd never know globalization is supposedly in retreat. "I'm not a big fan of the word 'deglobalization,'" says Karen Harris, managing director of the Macro Trends Group at Bain & Co. "While there's certainly a drive to not be as dependent on unreliable partners on national security issues, China and the US are pursuing other aspects of the global economy."

These complicated dynamics have put proponents of globalization in an awkward spot. The World Economic Forum, which held its annual gathering of business and political elites in January in Davos, Switzerland, has been reckoning with this situation. "National interest is now at the core, global interest less so," says Børge Brende, president and chief executive officer of the forum. However, "trade and investments have been the driving engine for growth over the last decade, and growth is also prosperity."

Brende still sees opportunities for global agreement on pandemic control, cybersecurity and other issues. The rapid expansion of technologies such as artificial intelligence, he adds, will require multilateral coordination. Allowing AI to grow unchecked—to be integrated into nuclear weapons, for example—would be catastrophic. Just as rapid globalization was welcomed until public majorities concluded the bad outweighed the good, deglobalization will also challenge its underlying consensus—and maybe sooner than everyone thinks. As Brende says, "We have to try to create some order in a disorderly world."

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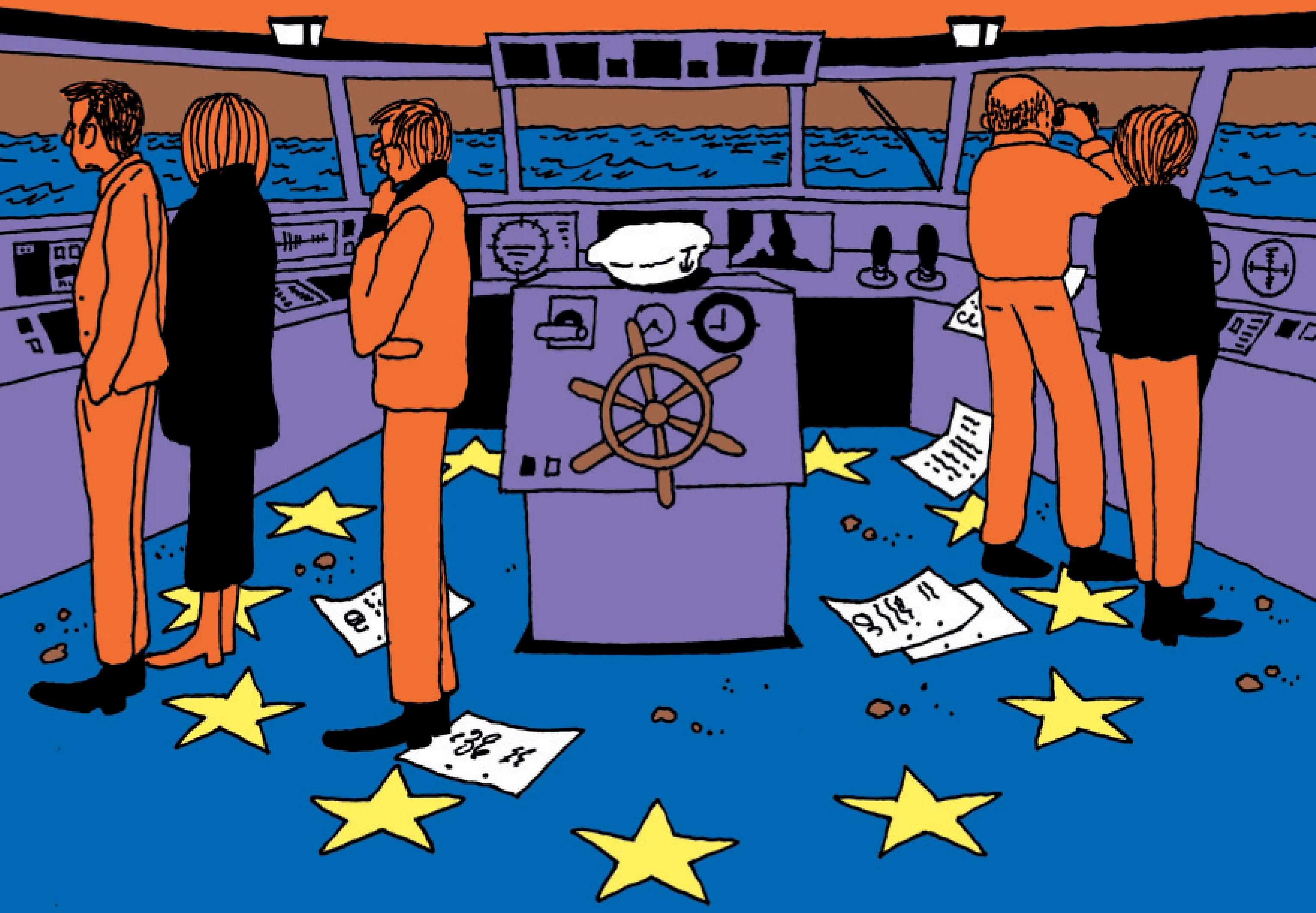
In Context

A new way to think about the world



Rudderless Europe

● By Jana Randow and Jorge Valero

Donald Trump has threatened to drag the European Union into a new round of trade wars and to dictate a Russia-Ukraine peace deal that may singlehandedly redraw the region's security architecture. Yet many of Europe's leaders are under so much pressure at home that they won't have the political leverage to take decisive action on global affairs. And those ready to formulate a plan to strengthen the continent's economic and military defenses lack the power to get things done. In other words, the EU has a leadership problem.

It's a situation that may haunt Europe for decades. The 20-member euro zone has struggled to grow since a rebound engineered by government stimulus faded. Europe will need additional investments of €800 billion ($840 billion) a year to boost competitiveness and beef up its armies or resign itself to a "slow agony," warned former European Central Bank President Mario Draghi during a briefing in September at which he presented a report packed with policy prescriptions.

The Franco-German alliance the continent had relied on to shape its common destiny isn't rallying this time. France's Emmanuel Macron is a lame-duck president consumed with keeping his ▶

■ ILLUSTRATION BY ANNA HAIFISCH

◀ archenemy Marine Le Pen from succeeding him. And German Chancellor Olaf Scholz is about to be ousted in snap elections scheduled for Feb. 23.

European Commission President Ursula von der Leyen has tried to step into the void. She recently concluded negotiations on a trade deal, 25 years in the making, between Europe and a collection of South American nations. She's betting that enough EU members will ratify it to help her overcome vehement opposition in France.

There have been occasions when she kept member states or other commission officials in the dark until the last minute before coming forward with proposals or announcing decisions, calculating that the awkwardness of having to publicly oppose her would deter adversaries.

These are among the tactics she honed over the course of her first term as EC president, which included high-profile assignments such as engineering Europe's responses to Covid-19 and Russia's invasion of Ukraine. "Von der Leyen has been at the forefront of many issues," says Guntram Wolff, a senior fellow at Bruegel, an economic think tank in Brussels. "Her problem is that she can't lead alone. She needs the member states, and therefore stable governments in Paris and Berlin," particularly when it comes to tackling the most weighty issues.

With Trump's return to the White House fueling concern that the US will scale back its engagement with NATO and military assistance for Ukraine, defense ranks highest on the EU's to-do list. The bloc is discussing a major overhaul of its common defense policy—independent from the North Atlantic Treaty Organization's security umbrella—and is considering options to jointly fund military investments that could amount to half a trillion euros over a decade.

While Paris would be on board, Berlin is opposed to allowing the EU to borrow large sums of money on behalf of all member states, even after Scholz was able to marshal support for efforts to jointly raise €800 billion for pandemic relief. On paper at least, Europe has been working toward unifying its capital markets for almost a decade, having previously removed barriers to the free movement of goods and people. Yet disparate national priorities have deterred progress toward this goal—which would greatly facilitate the job of raising money to fund a diverse set of priorities, from the development of weapons systems to programs to spur the adoption of new technologies.

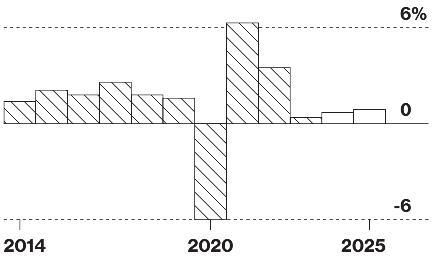
The price tag for inaction is climbing. Bloomberg Economics puts it at more than €3 trillion a year. That's how much bigger the European economy would be if its productivity growth since the turn of the millennium had matched that of the US.

"The EU no longer inspires enthusiasm," says Jacob Ross, who studies Franco-German relations as a research fellow at DGAP, the German Council on Foreign Relations. "Today, its main raison d'être appears to be crisis management."

Economically Challenged

Euro-zone real GDP, year-over-year change

☐ Bloomberg Economics forecast



Still, crises can help break political logjams. It happened last decade, when Brussels helped engineer debt bailouts for Greece, Portugal and Spain rather than risk one or more countries abandoning the euro. The risks from a second Trump presidency could help bind countries closer. "For European leaders, it's a damning judgment that it takes pressure from a populist US president to bring Europe together," Ross says.

Trump's first term triggered a mini revival in French-German relations that culminated in a new friendship accord, 56 years after the historic Élysée Treaty reconciled the countries after World War II. A lot of the goodwill has since dissipated, and prospects for cooperation between Europe's two largest economies don't look especially promising at the moment.

In Germany, Friedrich Merz, a conservative who has his eye on the chancellorship, has criticized the present government as a "total failure" for not engaging with Brussels or with other European leaders on a host of common issues, including controls on illegal immigration. Macron, who once styled himself Europe's savior, has more than two years left in his term, but he's hamstrung by a fractured parliament. (In France, the prime minister's office is now equipped with an Italian-style revolving door; the country's fourth prime minister in 2024 was named in December.)

"We'll have more clarity about the direction of German and French politics by the end of the first quarter," says Isabelle Mateos y Lago, chief economist at BNP Paribas. "Until then, it's time for the European Commission to get to work and come up with a few quick wins to turn the tide. The power vacuum of the next few months is an opportunity."

It's an opportunity not just for von der Leyen but for European leaders seeking more influence. Giorgia Meloni, who's run Italy for more than two years, an impressive record by the country's historical standards, will try to leverage her close ties to Trump and one of his advisers, Elon Musk, possibly casting herself as a dealmaker capable of defusing threats, such as the 20% duty on European goods the new US president is brandishing. She's also been leading discussions on toughening up the EU's migration policies. Meanwhile, Polish Premier Donald Tusk, whose country just assumed the EU's rotating presidency, has vowed to make security—not just military but also food and health—a centerpiece of his agenda.

One of Europe's biggest problems is that ministers dispatched to meetings in Brussels come to the table with "national interests at heart," says Maria Demertzis, a European economist who works for the Conference Board. "If we had a vision about the European economy, we could design it and start implementing it." Ⓑ

■ PHOTOGRAPH BY DANIEL ROLIDER FOR BLOOMBERG BUSINESSWEEK ■ DATA: EUROSTAT, BLOOMBERG ECONOMICS FORECAST AS OF JAN. 9

Itzhik Cohen in an abandoned greenhouse on his kibbutz, Adamit

Farming in the Fog of War

● By Marissa Newman

When a ceasefire between Israel and the Lebanese militant group Hezbollah went into effect in late November, 67-year-old Itzhik Cohen was finally able to take in the damage to the fields in Adamit, his kibbutz in a mountainous, windswept area less than a mile from the Lebanese border. Residents were forced to evacuate because of the Hezbollah rocket barrage, which began after the Hamas attacks on Oct. 7, 2023. Some farmworkers were able to access the fields periodically, but it wasn't enough to keep the peach orchards from shriveling or the mango crops from being consumed by a bacterial infection. A rocket landed in the vineyard, setting off a fire that destroyed years of work. Military sappers are still scouring the fields for unexploded ordnance.

Adamit remains mostly abandoned, and Cohen says he's concerned that families with young children will never feel safe enough to come back. But his short-term focus is the fields. "This will take five years to rehabilitate," he says, standing in the orchard. By Cohen's estimate, the financial losses from the peaches alone are probably more than $500,000, and that doesn't even include the cost of replanting the trees. He's preparing the kibbutz's claim for compensation for war damages with the government but doesn't expect to be made whole.

The Israel Tax Authority says it's received almost 2,000 such requests from farmers. But another consequence of the continuing conflict may be impeding the rehabilitation of the sector: Israel's jamming of GPS signals. This began after Oct. 7 to protect against GPS-guided missiles, rockets and drones. And though Israel has scaled back those efforts after the ceasefire with Lebanon, signals in much of the country remain unreliable.

About 70% of Israeli farmers use precision-farming technologies, according to a 2021 survey led by Israel's Volcani Center and Hebrew University of Jerusalem. In the US, it's only 27%, according to a 2023 US Government Accountability Office report. These include GPS-dependent technologies such as semiautonomous tractors, crop-mapping systems, drones for targeted pesticide spraying, and systems for remote monitoring and soil sampling, says Yafit Cohen, a co-author of the survey (and no relation to Itzhik Cohen). "You can't farm today without knowing your location," she says. "You just can't."

Since Oct. 7, war has taken a profound human and economic toll on the Middle East. In Israel, where farming is concentrated in vulnerable border areas, agricultural losses between October 2023 and March 2024 were about $280 million, according to a report co-written by the country's environmental agency, health ministry and Leket Israel, a nonprofit food bank. A World Bank report from November estimated Lebanon's agricultural losses at $1.1 billion for a period covering about a year following the Oct. 7 attacks. According to the United Nations, more than two-thirds of cropland in Gaza has also been damaged, which "compounds the imminent risk of famine," says Beth Bechdol, deputy director-general of the UN's Food and Agriculture Organization.

The Israeli government doesn't collect data on the economic impact of the military's GPS jamming, and the Agriculture Ministry said in a statement that it "hasn't prevented continuous farm work." But a 2020 memo from the ministry estimated that far more sporadic GPS disruptions in neighboring Syria led to annual losses of $28 million for Israeli farmers. GPS interruptions, whether because of ▶

Rami Laner came out of retirement to show the farmers of Kibbutz Mevo Hama how to operate without GPS

◀ warfare, criminal sabotage or even bad weather, have led to a number of economic disruptions in recent years. In Israel, cities have also been affected by jamming, hampering smartphone mapping apps and delivery services. Farmers in Finland, airlines operating in eastern Europe and truckers in Russia have all reported disruptions from the war in Ukraine. In May a solar storm prompted a warning from tractor maker Deere & Co. to US farmers to temporarily hold off on agricultural work using some GPS-guided equipment.

"People around the world treat GPS like a God-given right," says Omer Sharar, chief executive officer of infiniDome, an Israeli startup supplying the Israeli and US armies with anti-jamming technology. "Everybody has to prepare for the day that it's not going to be there."

At Mevo Hama, a kibbutz in the southern Golan Heights about 97 kilometers (60 miles) from the Lebanese border, the Israeli military's interference led to a sudden need for someone who knew how to operate farm machinery without GPS. "We've gone back to methods of 50 years ago or more," says Rami Laner, a 74-year-old member of the kibbutz who came out of retirement to tend to the crops.

At Kfar Masaryk, near Haifa, the continuing lack of a stable GPS signal has forced farmers to revert to slower, messier and ultimately less efficient techniques. On a tour of the kibbutz last summer, farmer Yotam Mizrachi pointed to a freshly plowed tomato field, its rows noticeably crooked. The effects of the jamming will be felt throughout 2025, because doing the initial planting without GPS locks farmers in for the season.

Miri Atias of the Association of Field Crop Farmers (Falcha) in Israel has been interviewing startups that offer products claiming to offset GPS jamming but says none of the available solutions match the needs of farmers. The war has spurred the companies to fine-tune their technologies, and Dror Meiri of oneNav, a startup in California, has been conducting tests in Haifa, Israel's third-largest city, which had no GPS for more than a year and where signals can still be patchy. "It's clear that this GPS war is here to stay," he says. Ⓑ

■ PHOTOGRAPH BY DANIEL ROLIDER FOR BLOOMBERG BUSINESSWEEK ■ DATA: COMPILED BY BLOOMBERG

Luxury Needs the Silver Generation

● By Angelina Rascouet

By all accounts 2024 was one of the worst years for luxury in more than a decade. Among the culprits: tough straits for Chinese consumers, who in recent years have accounted for as much as one-fifth of global luxury spending, and shoppers' pushback against high-end brands' exorbitant price increases. LVMH Moët Hennessy Louis Vuitton SE, far and away the biggest publicly traded luxury company, saw its market value shrink by more than 13% last year.

Donald Trump's return to the White House is casting another shadow over the industry, which has much to lose from a ramp-up in the trade wars. To counteract any drag on their business from higher tariffs, experts say, purveyors of luxury products should devote more attention to a demographic they've neglected in recent years: the so-called silver generation. "The fashion industry has for years been obsessed with youth," says Anita Balchandani, a senior partner at McKinsey & Co. who helps oversee its annual State of Fashion report. "But it's time now for brands to really start to talk about the over-50 shopper."

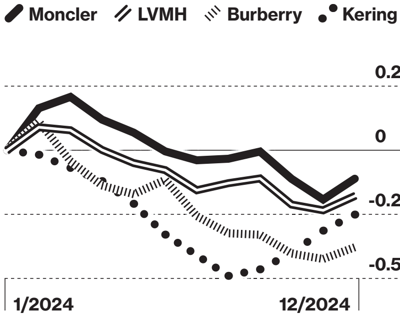
In the US, people 55 and older held 72% of the population's wealth in 2024, McKinsey estimates. And that share is increasing each year. "In the Western economies, it's the over-50 customer that really controls the purse strings. It's where wealth is concentrated, and frankly, it's also the segment that is often funding some of the purchases of the younger generations as well," Balchandani says. McKinsey estimates almost half of the incremental growth in consumer spending in 2025, compared with last year, will come from those older than 50. Another part of the appeal of these baby boomers and older Gen Xers: Their brand loyalties are more steadfast than they are for younger—and more fickle—millennial and Gen Z shoppers.

Whereas most fashion houses rely on young stars such as Anya Taylor-Joy and Zendaya to model their creations in publicity campaigns, LVMH's Spanish label Loewe made a splash last year when it released ads featuring Daniel Craig. The campaign, overseen by creative director Jonathan Anderson, showed the 56-year-old British actor sporting a €3,200 ($3,310) cashmere cardigan and €1,300 calfskin biker boots. LVMH doesn't break down revenue by brand. But HSBC Holdings Plc analysts estimated in October that Loewe is part of a small number of LVMH labels that were growing despite the general downturn.

Older customers "care much more about quality of products and their sustainability over the long term and are less into fads," says Stéphane Roth, general marketing manager at Printemps, a department store chain with a high-end flagship in the Haussmann shopping district in Paris. Annually, this demographic spends 15% more than the average consumer per transaction at a Printemps store, he says.

A Bad Year for Luxury

Change in share price



"It'd be an oversimplification to treat them as a homogeneous category of shoppers, but they do have a bigger affinity with department stores, where they can find everything and seek salespeople's expertise."

Research shows the older luxury customer is less influenced by trends than younger cohorts and more by factors such as quality, timelessness and functionality. During a visit to New York in December from her home in Wilmington, North Carolina, Goldie Stetten, 73, was reviewing the selection of handbags at Saks Fifth Avenue and didn't see anything she wanted for herself. "When you look at the Chanel bags that are coming out that are new, they're like crazy colors," she said. "They're pink and green and sparkles and all kinds of crazy stuff. I wouldn't buy that." Ⓑ *—With Lily Meier*

The Right Stuff

By the Pursuits editors

It's bonus season. Here's what the most privileged among us will be eyeing with their payouts

▲ Rings Upon Rings

Last year, Cartier celebrated the 100th anniversary of its Trinity collection, enviable adornments that feature interlocking rings of yellow, white and rose gold. The party continues into 2025, with this dramatic Trinity necklace ($63,500) bearing a jumble of square-ish 18-karat gold links. It's perfect to celebrate the next century of bonuses.

▲ Must See-Through TV

Typically the test of a television is the clarity of the picture, not of the screen. Astoundingly, the 77-inch LG Signature OLED T succeeds on both counts, with a transparent 4K display that frees you to place the $60,000 smart TV anywhere in a room—like in front of a window or as an art display. Engage the retractable black backshade when it's movie time.

◀ A Lifetime Of Time

Chopard has combined a perpetual calendar complication, which will accurately track the weekday and date even across leap years, with a tourbillon—that rare oscillating device that ensures extra-precise timekeeping (and bragging rights). The L.U.C Flying T Twin Perpetual ($120,000) packs a lot of flourishes into its 40.5-millimeter, 18K yellow gold case, but a hand-guillochéd dial in a mild forest green tone keeps the whole thing subtle. Almost.

◀ The Tone of Success

Still sounds great!

Japanese hi-fi audio engineer Marantz, maker of amps, players and sound systems, has developed some impressive speakers. The $5,500 Grand Horizon offers 370 watts of built-in amplification, three tweeters and four midrange drivers firing at different angles, and one central 8-inch subwoofer. Three color choices of sustainable fabric made from recycled ocean plastics help make the disc-shaped wireless unit suitable for rooms of many styles and sizes.

◀ Splash Into Better Health

To reap the benefits of a cold plunge—improved mood and sleep, reduced inflammation, a boosted immune system—you don't need mood lighting, a padded headrest and an ambient, app-driven breath timer. But if you're sitting in 40F (4C) water for more than six minutes, a little luxury doesn't hurt. The $15,000 Kohler x Remedy Place ice bath, available for preorder, can be used indoors and outdoors. It has an integrated UV water filter and can also heat up to 104F when you want to chill without being chilled.

Master seven types of fire!

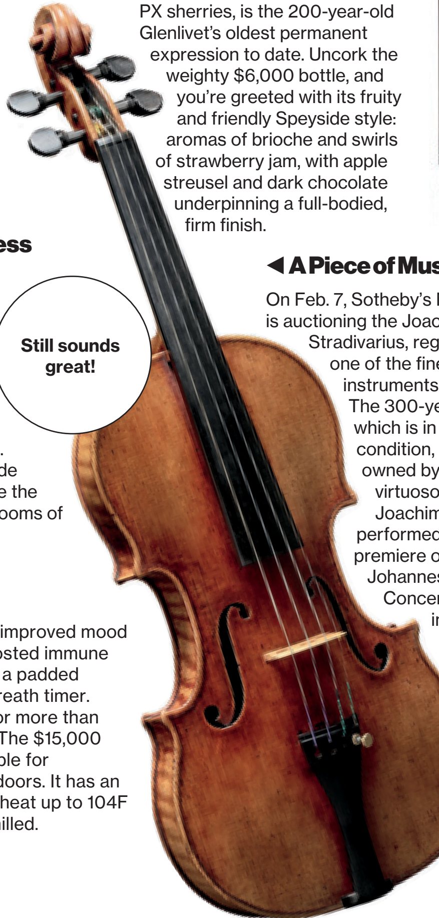
▲ Fire Cooking With the King

Argentine chef Francis Mallmann, the food world's modern Prometheus, is offering a once-in-a-lifetime five-day intensive course on his own private island in Patagonia. Along with learning the art of preparing meat, fish, poultry and vegetables with flames, embers and smoke, there's also fishing and hiking and the chance to explore one of the world's more remote and stunning spots. It runs March 21-30 and starts at $21,400 per person.

THE GLENLIVET
SINGLE MALT SCOTCH WHISKY
40

▶ Icon Status

This 40-year-old Scotch, finished in European casks seasoned with a bespoke blend of Oloroso and PX sherries, is the 200-year-old Glenlivet's oldest permanent expression to date. Uncork the weighty $6,000 bottle, and you're greeted with its fruity and friendly Speyside style: aromas of brioche and swirls of strawberry jam, with apple streusel and dark chocolate underpinning a full-bodied, firm finish.



◀ A Piece of Music History

On Feb. 7, Sotheby's New York is auctioning the Joachim-Ma Stradivarius, regarded as one of the finest musical instruments in the world. The 300-year-old violin, which is in playable condition, was notably owned by Hungarian virtuoso Joseph Joachim, who performed on it at the premiere of his friend Johannes Brahms' Violin Concerto in D Major in 1879. With a $12 million low estimate, consider it a splurge.

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Richardson International Announces New Leadership Appointment

Darwin G. Sobkow *Curt R. Vossen*

Winnipeg, Manitoba – Hartley T. Richardson, Chair of the Richardson International Limited Board of Directors, is pleased to announce the appointment of Darwin Sobkow to President and Chief Executive Officer of the company. On behalf of the Board, Mr. Richardson congratulates Darwin Sobkow on his new role and extends gratitude to Curt Vossen, who will retire on January 10, 2025, after nearly three decades of transformative leadership.

Darwin Sobkow brings more than 30 years of experience in the grain, agri-services, and food processing industries to his new role. As a key member of Richardson International's executive team, and most recently in the position of President and Chief Operations Officer, he was pivotal to strategic growth and innovation. His leadership has been instrumental in major acquisitions and integrations across all areas of Richardson International's business – from grain handling and crop inputs retailing in Canada and the U.S. to oilseed crushing, oat and durum milling, malting, and food ingredients packaging in North America, the U.K., and Europe. Mr. Sobkow's operational expertise and deep industry knowledge will guide Richardson International into its next phase of growth, with a continued emphasis on innovation, operational excellence, and global expansion.

Curt Vossen retires after serving as President and Chief Executive Officer since 1995, leaving an indelible mark on Richardson International. During his tenure, Mr. Vossen led the company through significant growth and diversification, expanding its operations in North America, the U.K., and Europe. Under his leadership and bold vision, Richardson International evolved into a world-class organization with expertise across its vertically integrated agribusiness and food processing operations.

About Richardson International

Headquartered in Winnipeg, Manitoba, Richardson International, a wholly-owned subsidiary of James Richardson & Sons, Limited, is a global leader in agriculture and food processing. As a key handler of Canadian-grown grains and oilseeds, Richardson operates as a vertically integrated processor and manufacturer of oats and canola-based products. Over the past two decades, the company has secured its role as a major player in the global food business, providing innovative products and ingredients for retail, food service, and industrial markets. Its success is fueled by the dedication and ingenuity of over 3,500 employees worldwide.

About James Richardson & Sons, Limited

Established in 1857, James Richardson & Sons, Limited (JRSL) is a private, family-owned and operated corporation involved in global agriculture and food processing, as well as energy exploration and marketing, financial services, insurance, real estate, and freight transportation and logistics. Headquartered in Winnipeg, Manitoba, JRSL has assets and operations strategically located across North America, the U.K., and Europe.

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Ditching the ER for The Nose Job Clinic

● By K. Oanh Ha and Stella Ko

On a brisk fall morning, Julie Miller hops out of a cab at a 16-story building packed with cosmetic surgery practices in Seoul's posh Gangnam district. The 46-year-old has traveled from New Jersey for a five-day visit, intending to check out Seoul's royal palaces and the heavily fortified border with North Korea—and to shed a few years.

Entering the Renovo Skin Clinic, she's offered coffee and pastries by a Korean woman speaking fluent English. Renovo's manager soon guides her to a domed scanner, where her face is assessed for oiliness, wrinkles, sunspots and more. The clinic offers a broad menu of treatments such as fat-dissolving injections and facial resurfacing lasers. Miller settles on Botox shots and a high-intensity ultrasound therapy to tighten her skin.

Final bill: about $3,000. Not cheap, but at least 40% less than back home—important, as such procedures aren't typically covered by insurance. "I'm hoping to turn back the clock a little bit," she says. "That, combined with a better

Miller undergoing skin treatment in Seoul

■ PHOTO: WOOHAE CHO/BLOOMBERG ■ DATA: KOREA HEALTH INDUSTRY DEVELOPMENT INSTITUTE

price than we have in the US, it's like a no-brainer."

Miller is among a flood of foreigners—from the US, Europe and elsewhere in Asia—rushing to South Korea for cosmetic procedures. Medical and aesthetic tourism—seeking anything from cancer care to simple skin fillers—generated more than $2 billion in South Korea in 2023, according to researcher Imarc Group. And with the number of patients more than doubling in 2023, to 600,000, the government sees the business as a big driver of growth.

But while the sector flourishes—Gangnam alone is home to hundreds of plastic surgery clinics—the nation of 52 million is facing a medical crisis. Grueling working conditions at hospitals and failed efforts to address a shortage of staff have sparked a walkout by resident physicians. The number of Korean cosmetic surgeons in private practice has nearly doubled in the past decade, to more than 2,700—the highest concentration per capita globally, according to the International Society of Aesthetic Plastic Surgery. As doctors leave traditional medicine for lucrative work catering to foreigners, hospitals are turning away gravely ill people. "The health-care system is in a terrible crisis, and it's irreversible," says In Sook Park, a retired pediatric cardiologist and former lawmaker in the country's National Assembly. "What the government should do now is prioritize essential medicine."

The country is at the sharp edge of a trend playing out around the globe. While hospital physicians are typically well paid, the money often comes at the cost of long hours and sleepless nights. Cosmetic surgery offers a way to boost earnings on a more relaxed schedule. In the US, dermatologists earned an average of $469,000 in 2023, almost double what pediatricians did, health-care network Doximity Inc. reports. And in Germany, dermatologists earn €344,000 ($358,000), while a general practitioner takes home €292,000, according to government data from 2021.

Korea is far from alone in seeking to benefit from medical tourism. Thailand has established itself as a hub for people seeking everything from medical checkups to fertility treatments. Malaysia received about 850,000 medical tourists in 2022, up 52% from the previous year. And China is increasingly a destination for procedures as regulators there approve growing numbers of injections and devices such as wrinkle-busting lasers, consultant Deloitte says.

Korea's reputation, though, is threatened by political turmoil. Since President Yoon Suk Yeol was impeached following his December declaration of martial law, the country has been without an elected leader—and will remain so until the Constitutional Court rules on his fate. After the strife broke out, about 20% of hospital appointments by foreigners were canceled, the Korea Medical Tour Promotion Association says.

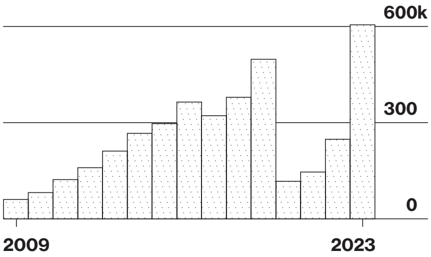
Reports of plastic surgery mishaps in Korea have also caused alarm. The rapid growth of an industry offering $6 Botox shots and on-demand treatments for tourists has spurred some Korean clinics to hand off work to less experienced staffers. That's led to injuries and even deaths, prompting a recent government decree mandating cameras to monitor any procedure requiring anesthesia.

Korea's doctor shortage has been blamed for more than 3,750 deaths since 2017, according to a report from Dankook University. With a projected shortfall of 15,000 physicians by 2035, the government has proposed increasing medical school admissions by two-thirds, to about 5,000 a year. While that would help fill staffing gaps, doctors say the plan doesn't address the structural problems that drive physicians to profitable specialties such as plastic surgery. Almost 13,000 doctors and residents around the country went on strike in February, and few have returned.

That's left emergency rooms empty and critical-care patients waiting months for appointments. The nation's public-health system can provide high-quality care, but the low-fee structure for hospitals and doctors makes many facilities financially unsustainable. Some hospital residents are pushed into 80-hour work weeks, leaving them with salaries that ▶

Flocking to the Beauty Capital

Medical tourists visiting South Korea



◀ barely exceed the hourly minimum wage of about $6. “In essential medical fields like obstetrics and vital care, doctors don’t receive the level of respect or compensation they deserve,” says Nayoung Jung, a doctor who last summer joined the Renovo clinic where Miller got her Botox and skin tightening.

With Korea’s cosmetic surgeons often performing a dozen procedures per day, they can sometimes adopt a factory-like approach to treatment, says Tony Medina, the founder of one of 1,200 government-licensed companies that help foreigners navigate Korea’s health-care system. In one instance, he says, the surgeon refused to remedy a nose job that a client was unhappy with, so Medina had to find another physician to redo the procedure. “There are so many customers and so much work that the standards can drop,” he says. “It’s people’s faces and their health we’re dealing with.”

A New Start for a Guy Named Chuck

● By Paige Smith

Two years ago, as relatively obscure regional banks in California and New York sputtered toward oblivion, a far better-known pillar of Main Street finance found itself sucked downward by association. Charles Schwab Corp., the brokerage—and, more recently, bank—founded by a guy Americans know as Chuck from countless TV ads, faltered when its paper losses ballooned. Investors feared it was suffering from a similar mismatch of assets and liabilities.

These days, Schwab is back on more solid footing and out of the headlines again. Although it took a year and a half for the company’s stock to fully recover, the unrealized losses have been abating, and Schwab in December upped its 2024 growth outlook to as much as 3.5%. “As storms come, storms also go,” says Walt Bettinger, who stepped down as chief executive officer on Dec. 31.

His successor, Rick Wurster, is facing a vastly different financial landscape from the one Schwab encountered when he started his company in 1971. The market then was inhospitable to retail investors, with fixed fees and an uneven playing field that tilted in favor of Wall Street fat cats. Schwab swooped in, aligning the firm’s interests with those of its customers by first lowering, then altogether eliminating, costly trading fees, helping reshape the industry.

Schwab has since grown into a colossus with more than 36 million active brokerage accounts. Yet even at that size, the company is vulnerable to powerful incumbents such as Fidelity Investments and Vanguard Group, as well as upstarts like Robinhood Markets and Webull Financial, seeking to siphon off its clients. Wurster downplays the threat, saying that while the “industry has never been as competitive as it is today,” Schwab is as strong as any of the major players. And while the newcomers are growing fast, the biggest, Robinhood, has less than $200 billion in assets under management—about 2% of Schwab’s total. “We bring that in in a few months,” says Wurster, who joined Schwab in 2016 from investment house Wellington Management Co.

Analysts are optimistic, with Wells Fargo & Co. applauding the change in the executive suite. “The path forward looks rosier,” Wells analysts said in a December note to clients. Devin Ryan, an analyst at Citizens Financial Group Inc., says there’s plenty of room in the market for Schwab and its challengers. “Robinhood is clearly identifying opportunities that they’re going to go after, but Schwab is continuing to fight,” Ryan says.

To stay ahead, Schwab is adding capabilities such as making loans against a client’s private equity portfolio and assigning dedicated staffers responsible for customers with more than $10 million in assets. Younger people are increasingly willing to take investing tips from Reddit or TikTok, but older customers tend to prefer an in-person relationship with a dedicated adviser, Wurster says.

To help maintain such ties, he plans to relocate some of Schwab’s 400-plus storefronts to areas with higher foot traffic, and he aims to add more than a dozen branches this year, with a focus on retirees in places like Florida. “We are sitting down helping the grandmother figure out how she’s going to contribute to her grandkids’ education,” Wurster says.

A key challenge will be maintaining the pace of growth Bettinger set. In his 16 years as CEO, the number of accounts at Schwab more than quadrupled, and total client assets (the money the company oversees in brokerage, retirement and bank accounts) increased almost tenfold, surpassing $10 trillion in November. That expansion got a big boost when Schwab bought TD Ameritrade in 2020, shifting 17 million accounts onto the Schwab platform, though it took years to successfully complete that process.

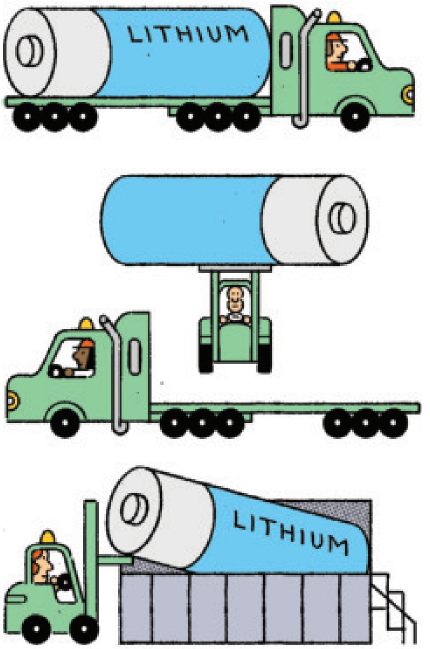
Wurster is considering strategies such as off-loading some customer deposits to other lenders. Schwab already has such a relationship with TD Bank NA (a former affiliate of TD Ameritrade), allowing it to continue offering banklike services without weighing down the balance sheet of its bank. Lenders must offset deposits with a certain amount of cash—to guard against what happened at Silicon Valley Bank two years ago. By shrinking the volume of customers’ money it holds, Schwab can earn a better return on its capital.

Schwab in 2020 moved its headquarters from San Francisco, where it had been located since its launch, to a sprawling campus a half-hour drive outside Dallas. The billionaire founder, who, at 87, is still a driving force as co-chairman, says the shift was motivated by a desire to unwind the firm’s association with California. And he says he’s happier operating in a political culture that he finds less intrusive. “We’re much more of a national company than we were a California company, and this is sort of a symbol of what we are now,” Schwab says. “Not smothering taxes, not smothering regulations, but just the opposite—the freedom to move forward.”

■ ILLUSTRATION BY JAY DANIEL WRIGHT

Giant Batteries Are Transforming Global Grids

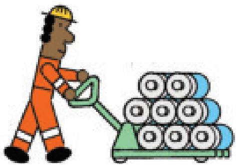
● By David R. Baker



Inside an unmarked stucco building in a Silicon Valley office park, more than 1,000 black metal cabinets, each about the size of a fridge, line the floor in rows.

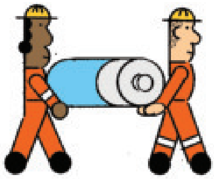
Each cabinet contains 20 new lithium-ion batteries that, starting this spring, will feed power into California's often-strained electrical grid, helping prevent blackouts. They're essentially bigger versions of the rechargeable batteries that power phones, laptops and electric cars. Together they'll supply 75 megawatts of electricity to the grid, enough to power 56,250 homes.

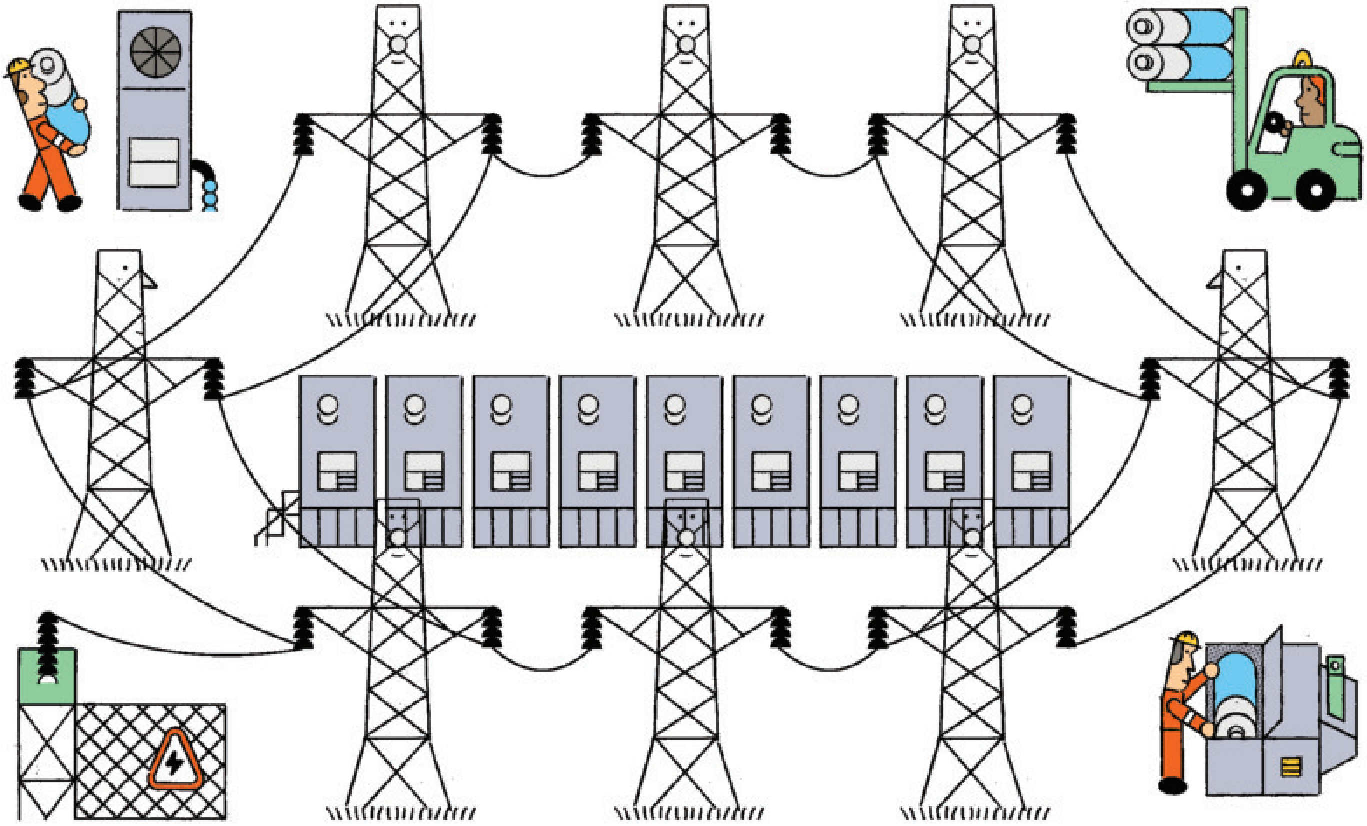
The San Jose building, whose past occupants include IBM and a defunct solar startup, houses Hummingbird Energy Storage, part of an industry that barely existed 10 years ago but has become essential to keeping the lights on in California, Texas and other states, and that's spreading around the world. The rapid growth of large-scale energy storage is driven by plunging battery prices, rising electricity demand and a recognition among operators, utilities and public officials that grids are less reliable than they once were.



"Energy storage has become a linchpin" for avoiding disruptions, says Joseph Williamson, vice president for projects at esVolta LP, the company that developed and owns the Hummingbird facility, which will store electricity delivered by a nearby PG&E substation. EsVolta will sell the energy back to grid customers as needed.

The deployment of grid-scale batteries in California began in 2013, when a state commission established energy storage targets for large utilities. That spurred utilities to issue contracts for battery installations to developers such as esVolta, Tesla and Fluence Energy. But installations spiked after a brutal August 2020 heat wave led to rolling blackouts and a reckoning among policy leaders about the state's preparedness for climate change. From 2021 through 2023, the state installed 8,171MW of storage, according to BloombergNEF. That's more than all the power plants in Alaska and Hawaii combined. There hasn't ▶

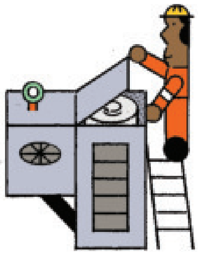




◀ been a rolling blackout since, despite plenty of high temperatures.

"It would have been extremely difficult to have gotten through some of these events without the battery fleet," says Elliot Mainzer, chief executive officer of the California Independent System Operator, which runs most of the state's grid. Batteries have also picked up slack as older, gas-burning power plants close.

Although they don't produce energy themselves, batteries have advantages compared with renewable power arrays or gas-burning power plants, which are how utilities have traditionally added to the electricity supply. A battery farm can be set up almost anywhere, and homeowners rarely object to living near one. They're getting cheaper: Global prices for large-scale energy storage systems have plunged 73% since 2017, according to BNEF. Their ability to switch on and off instantly lets them recharge when electricity is cheap and sell power when prices rise. And they're relatively fast to deploy, with the installation at the Hummingbird facility taking less than a year. "Just the speed of that coming on has been amazing," says John Zahurancik, senior vice president for the Americas at Fluence Energy Inc., one of the biggest battery developers in the US.

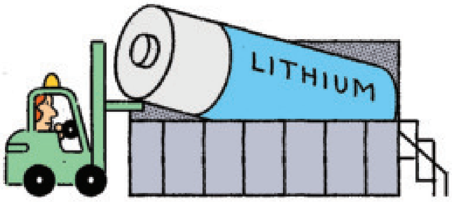


Batteries also address a problem specific to renewable energy. Solar plants often generate more electricity in the middle of the day than California needs. The state deals with some of that excess by selling it across the Western US, but a lot of it simply goes to waste. Now some of that energy recharges the battery fleet, and after the sun goes down, the batteries send that electricity back to the grid, keeping lights, televisions and air conditioners humming. The arrangement works so well that most new solar and wind farms built in the US and elsewhere include giant batteries.

Texas started installing industrial-size batteries later than California but is quickly catching up. By the end of 2023, it had enough storage to supply electricity for about 758,400 homes, up from around 59,000 in 2020, according to BNEF. A surging economy there is straining electricity supplies, and when the summer heat arrives, grid managers need every possible energy resource, says Woody Rickerson, chief operating officer at the Electric Reliability Council of Texas, which manages the state's grid. The new storage capacity proved its worth last summer, when a series of heat waves brought triple-digit temperatures to much of the state and kept them high even at night. Without the batteries, "we would have been in some pretty bad situations there," Rickerson says.

Other US states, including Arizona, Colorado, Florida and Vermont, saw large battery installations in 2024. Tesla Inc. developed an expansive battery system in Australia. China, which requires batteries to be installed at new solar or wind farms, overtook the US as the world's biggest energy storage market in 2023 and was expected to add 36 gigawatts of batteries in 2024, equivalent to the output of 36 nuclear reactors. The US, in contrast, was on track to add almost 13GW in 2024, according to BNEF research, with an additional 14GW coming in 2025.

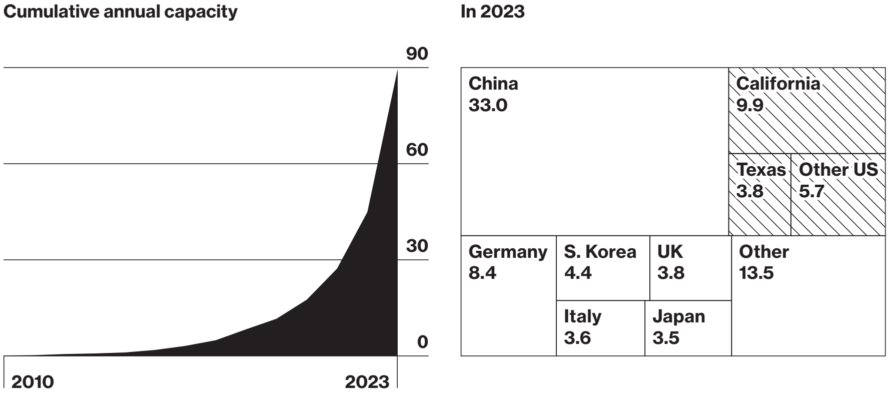
Batteries have their limits. After several fires at large battery installations—including a 2022 blaze that briefly shut down California's Highway 1—developers switched battery formulas so that cells are less prone to overheating. Beyond that, electricity demand in the US, little changed for most of the 21st century, is expected to soar as data centers, new factories and plug-in cars consume ever more power. Texas is spending $5.4 billion to build more power plants burning natural gas, even as it's adding batteries, and efforts to build nuclear plants are gaining momentum. "We could keep adding more solar, more wind, but when you're at 8:30 on an August evening, more solar won't help," says Rickerson.



Now the test lies in extending the number of hours batteries can operate. Extreme weather can cripple grids for days. Companies are racing to develop batteries that can last as long, using chemistries quite different from lithium-ion. Eos Energy Enterprises Inc., based in New Jersey, offers a zinc-based battery that can supply power for as long as 16 hours. Form Energy Inc. makes an iron-air battery that can discharge for 100 hours straight. The startup has raised $1.2 billion and recently opened its first factory, near Pittsburgh. Utilities in Colorado and Georgia have already signed contracts for installations, with the first scheduled in 2025. The challenge, says Form Energy CEO Mateo Jaramillo, is "to build a grid that is larger than the weather." Ⓑ

Grid Batteries Keep Going and Going

Global energy storage capacity, in gigawatts



■ DATA: BLOOMBERGNEF

ADVERTISEMENT

CBQ marks a golden anniversary

Commercial Bank of Qatar Chief Wholesale and International Banking Officer Fahad Badar on integrating sustainability with strategy

1. What is Commercial Bank's growth and development strategy?

In the 50 years of our operations, Qatar has been our core market, and we have grown as the Qatari economy has developed, supporting the oil and gas industry, the petrochemical industry and other sectors. This has involved growing both our corporate and retail business. Our focus on sustainable growth has helped us to diversify our client profile – we serve all sectors and we pride ourselves on the five Cs that summarize our values: corporate earnings quality, client experience, creativity and innovation, culture and compliance.

2. How holistic is your growth approach, with alignment to strategy and revenues?

In our 50-year history, we have been known to be innovative and the first to market with many products and services, often based on new technology. From being the first in Qatar to introduce ATMs, point-of-sale technology, and the Visa credit card to enabling cashier-less payments and vehicle financing loans, our growth story is marked by milestones that have helped reshape Qatar's banking industry. We were the second bank to be established in Qatar, after the government-founded Qatar National Bank.

3. How does the strategy capitalize on Commercial Bank's presence across the Middle East and North Africa region?

We have direct presence in Turkey with our subsidiary Alternatif Bank, and we have two alliance banks, National Bank of Oman and United Arab Bank in UAE. Working with our clients, we look mainly at trade flows between those geographies: Qatar, UAE, Oman and Turkey, and try to use the advantages of our presence in those countries to support local corporates.

4. What are Commercial Bank's main offerings? Can you give us an idea of the range of customers and needs?

Commercial Bank offers a comprehensive range of banking services, many of which are quicker, cheaper and more convenient for customers through digital technology and available 24/7. We take great care to identify which services should be digital and which in-person. Another important service is help with financial inclusion, for customers who are not digitally sophisticated. This is both a commercial and a social priority for us.

We have a particular focus on small and medium enterprises (SMEs). This is in line with the Qatar National Vision 2030. We are an enabler, helping SMEs meet their working capital requirements and cash management needs and we have memorandums of understanding with different organizations in Qatar to support SME financial literacy.

5. What is Commercial Bank's approach to wealth management?

The gradual reduction of interest rates around the world is likely for the foreseeable future, so fee-based businesses are becoming important. On the wholesale side, trade finance and cash management are particularly important. With increasing wealth in the Middle East region, there is greater sophistication of our client base. Whereas historically clients would have expressed a preference for local real estate and local equities, now we see more appetite for international investments. We have strengthened our wealth management team, appointing certified and highly trained advisors to advise on international equities, fixed income, mature funds, precious metals and commodities, enabling clients to diversify investments and access to international trading platforms.

6. How does the Bank integrate sustainability and corporate responsibility into its strategic framework?

Over the years, we have highlighted sustainability issues that are important to our business, namely our vision for a sustainable future. Aligned with Qatar's National Environment and Climate Change Strategy, we are increasing initiatives to minimize our carbon footprint. Our objective is to attain a 25% reduction in greenhouse gas emissions related to our operations by 2030. We have issued our inaugural Green Bond denominated in CHF (Swiss Franc), the largest of its kind issued in Qatar since 2013 and the largest from the Central and Eastern Europe, Middle East, and Africa region since 2021. Our sustainability initiatives also include green vehicle loans, the integration of solar panels, digital innovations such as paperless transactions and measures to make our car fleet fully electric. In November 2024, we received the prestigious Best Green Financing Initiative award and Sustainable and Green Bank of the Year in Qatar award from The Asian Banker business intelligence company.

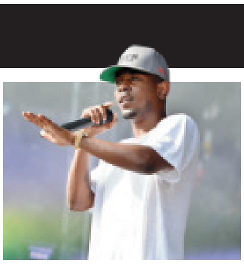
البنك التجاري
COMMERCIAL
BANK

● Kendrick Inc.

Kendrick Lamar's feud with Drake helped make him one of the hottest musical artists of the past year, as he dropped songs that became No.1 hits and cultural flashpoints. On Feb. 9 he gets the ultimate validation of pop stardom: the headline slot at the Super Bowl halftime show in New Orleans. —*Kim Bhasin and Emma Sanchez*

Tours

Lamar has racked up accolades, with 17 Grammys, an Oscar nomination and a Pulitzer Prize. His best-selling studio album came out in 2017, but he continues to be among the biggest touring acts in rap music and has already performed at the Super Bowl, alongside other hip-hop heavyweights, when it took place in his hometown of Los Angeles in 2022. Lamar will follow up this year's game with a major tour.

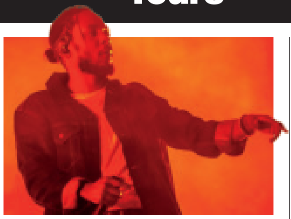


Good Kid, M.A.A.D City Tour

Year	Shows
2013	23

Gross revenue

$1.5m



DAMN. Tour

Year	Shows
2017/18	64

Gross revenue

$77m

The Big SteppersTour

Year	Shows
2022-24	73

Gross revenue

$110.9m

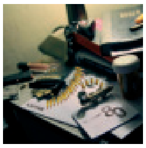
Grand National Tour

Year	Shows
2025	23 (scheduled)

Gross revenue

TBD

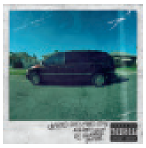
Recorded Music



● *Section.80* (2011)

Album sales
1.3m

On-demand streams
1.3b



● *Good Kid, M.A.A.D City* (2012)

Album sales
9.2m

On-demand streams
7.9b

● *To Pimp a Butterfly* (2015)

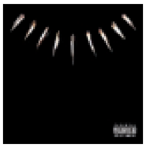
Album sales
3.9m

On-demand streams
2.3b

● *DAMN.* (2017)

Album sales
8.9m

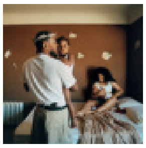
On-demand streams
9.8b



● *Black Panther: The Album* (2018)

Album sales
3.7m

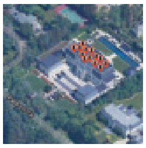
On-demand streams
4.5b



● *Mr. Morale & The Big Steppers* (2022)

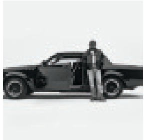
Album sales
2.1m

On-demand streams
2.5b



● Drake Beef Tracks (2023-24)

On-demand streams
2.1b



● *GNX* (2024)

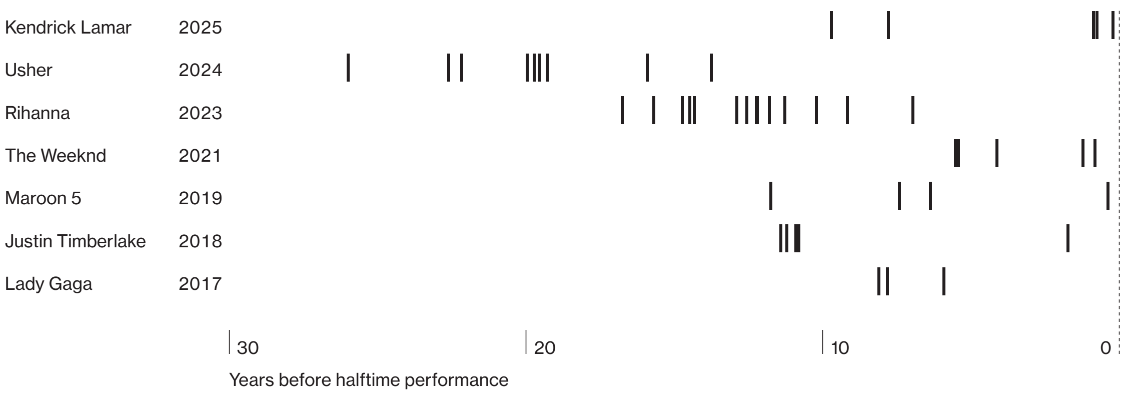
Album sales
860k

On-demand streams
1.1b

A Headliner's Résumé

Before last year, Lamar didn't quite have the chart-topping bona fides of past solo Super Bowl headliners. Then came 2024's *Like That*, which included a verse by Lamar attacking the rapper Drake. The song topped the Billboard Hot 100 and fueled a beef that would captivate the hip-hop world. In May he targeted Drake again with another top hit, *Not Like Us*, before racking up a third, *Squabble Up*, in December. No other artist had as many No.1 hits in 2024.

No.1 hits from Super Bowl performers by when their singles peaked



■ PHOTO: CONCERTS: GETTY IMAGES (3); LIVE NATION (1) ■ DATA: PRESS REPORTS, LUMINATE, BILLBOARD

A STAR ALLIANCE MEMBER
CONNECT TO HOSPITALITY
with our caring cabin crew
TURKISH AIRLINES
Products and services are subject to change depending on flight duration and aircraft.

A Walk With

By Mark Bergen

Arkady Volozh, the billionaire co-founder of Yandex, left Russia behind and is starting over

It's noon, and Arkady Volozh is ready to christen the first proper headquarters of his new company, Nebius Group NV. Six days before Christmas, the mood is festive, with pizza and cans of Heineken carted out for the 200 or so employees gathered in the empty building, a short drive from Amsterdam's main airport. "It's not an office," Volozh, 60, tells his staff. "It will be a home or a club." The chief executive officer isn't a natural pep talker. A deputy takes over to review corporate values with the aid of a PowerPoint deck.

There's no mention that, 22 months ago, Volozh and about half of the people at the office worked for Yandex, Russia's biggest technology company. Starting as a search engine—more widely used in the country than Google—it added e-commerce, ride-hailing, music streaming and much more. When Vladimir Putin visited Yandex's Moscow office for its 20th anniversary, in 2017, Volozh showed off the company's self-driving car. By its peak, Yandex was worth $30 billion.

In the weeks after Russia invaded Ukraine in 2022, none of that mattered. Global partners cut ties. Nasdaq halted trading of its shares. Volozh and his board voted to sell Yandex's assets in Russia, convinced they had no future there. As that process began, the European Union sanctioned Volozh, citing the state-owned banks that held Yandex shares and accusing the search engine of promoting propaganda. He resigned as CEO in June 2022 and spent two years disentangling himself from the business that made him one of the richest men in Russia. Sanctions froze his bank accounts and blocked his travel to Europe. "It's better than prison, but it's on the same scale," he recalls.

Volozh's rehabilitation effort included a statement, released in August 2023, condemning Russia's actions in the war as "barbaric." Putin responded a month later in a televised address, calling Volozh a "talented" businessman and wishing him "good health." The president had used the same language to describe Yevgeny Prigozhin, the mercenary leader who died in a plane crash in 2023 under suspicious circumstances. (The Kremlin denies involvement.) "Not so comfortable," Volozh says about the comment. Soon after, he hired a security detail.

Some relief for Volozh finally came in March 2024, when the EU took the unusual step of lifting its sanctions on him. Yandex completed its Russia sale in July. The remaining bits—including a data center in Finland, stray international projects and several hundred engineers—became the foundation of Nebius, which provides cloud computing for artificial intelligence services. In October, Nasdaq unfroze the stock after Nebius proved it had sufficiently severed ties with Russia, and six weeks later the company raked in $700 million from marquee investors including Nvidia Corp.

It's a remarkable turnaround for a former tycoon. Born in the Soviet Union to Jewish parents in 1964, Volozh created several software companies before co-founding Yandex in 1997, a year before Google was established. As Volozh saw it, part of Yandex's mission was to open Russia further to the West. "For 30 years we were building a new country, not just a company," he says. "And then you realize it's over."

Volozh was slow to see Russia lurching toward authoritarianism. He established Yandex's parent company in Amsterdam in 2007, allowing it to access global financial markets. The Kremlin, which long wielded influence within Yandex, soon began exerting more control over its news aggregation service and board—a move Volozh defended at the time, saying it would "protect the interests of the country."

In February 2022, as reports emerged of a possible invasion of Ukraine by Russian troops, Yandex management was still in denial. Volozh says he had few options for handling the state's demands anyway. He says it took 18 months to issue a statement on the war because he first needed to relocate about 1,000 employees who wanted out of Russia.

Volozh now splits his time between the Netherlands and Israel, where Nebius has a satellite office. Once the headquarters christening ends, he's driven back to the company's temporary launchpad in a shared workspace nearby. Volozh, dressed in a billionaire-casual Italian zip-up sweater, is self-effacing and occasionally sarcastic. On the sale of Yandex's Russian business to a group that included wealthy Kremlin allies in July for a bargain price of $5.2 billion, he says: "I didn't lose everything." Sipping from a cup of tea, he adds: "They actually allowed us to leave with some possessions. It was an exodus, just like in Egypt."

Volozh has since deleted all Yandex apps from his phone and hasn't gone back to Russia since the war began. "It puzzles me. I thought there would be much more homesickness," he says. "I don't feel—I don't know, it's not my thing anymore."

Nebius is a relative latecomer to the market of renting out computing power for the training and upkeep of generative AI, competing with various upstarts as well as Amazon, Google and Microsoft. Although Volozh bested the US giants once before, he won't be playing just on Russian turf this time.

According to Volozh, Nebius has an edge because it designs its own servers and data centers, making its systems more technically and energy efficient. It also has the expertise of a team that ran a cloud operation at Yandex. "This isn't some random organization," says Matt Weigand, a partner at Accel, a venture capital firm that invested in Nebius. So far its customers are primarily newbie AI startups fueled by investor dollars. Nebius reported an adjusted loss of $200 million on $80 million in sales in the first three quarters of 2024, the most recent data available. Even though the AI business looks like a bubble at times, Volozh sees its impact as rivaling that of the internet.

While he's no longer subject to Putin's whims, Volozh is still attuned to political influence. Nebius is seeing more client interest in the US, where AI is increasingly viewed as a matter of national security, particularly with Donald Trump's return. "If your developers are in Europe, can you work with the US in this sensitive area of AI?" Volozh asks. "Maybe yes, maybe no. We don't know." To start the year, his company is hiring for a number of roles in the US. Ⓑ —*With Cagan Koc*

■ PHOTOGRAPH BY JULIA GUNTHER FOR BLOOMBERG BUSINESSWEEK

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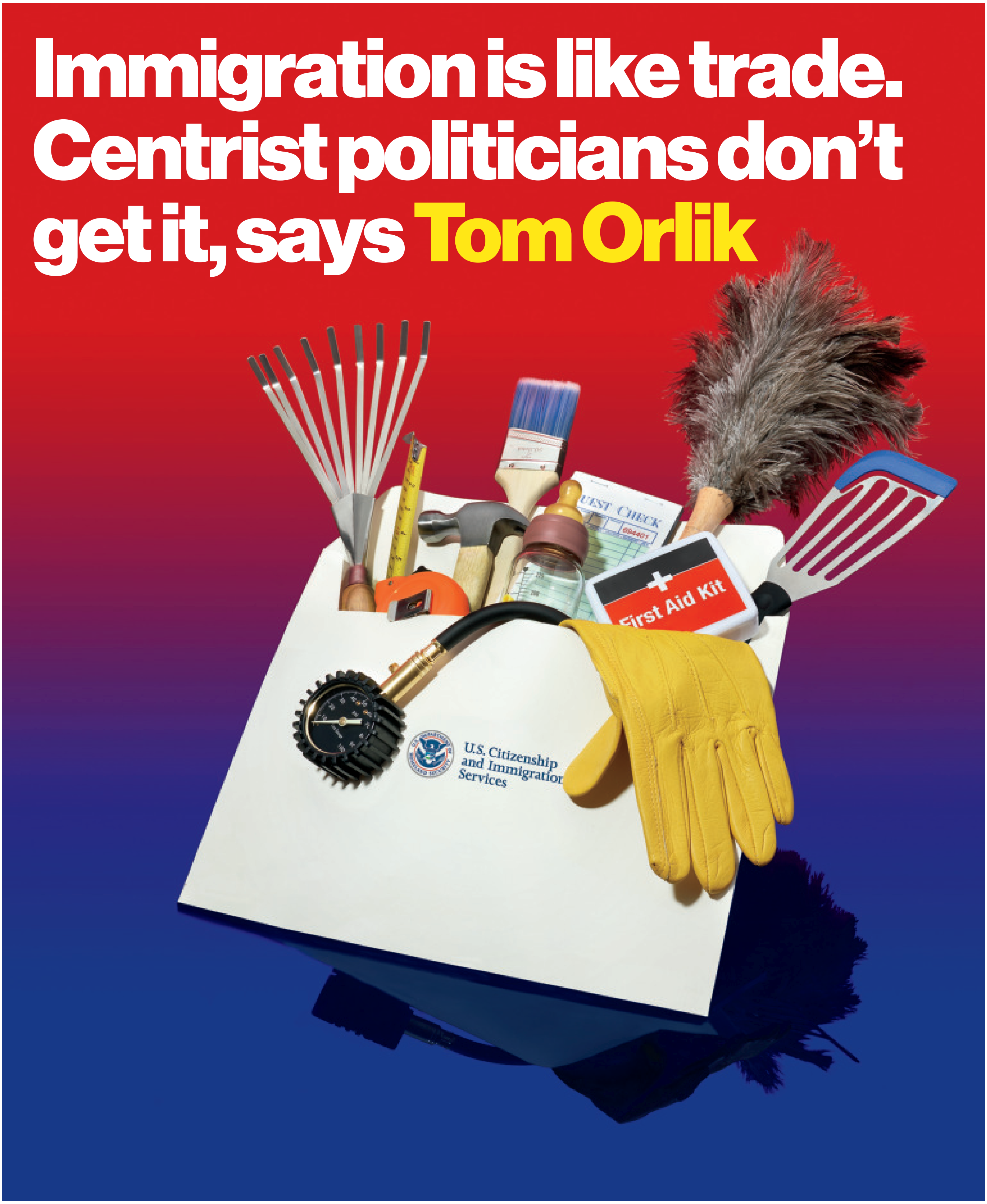
In View

Our contributing writers' guide to a changing landscape

Immigration is like trade. Centrist politicians don't get it, says Tom Orlik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At the risk of being reductive, there are two reasons centrist political parties lost power last year while others face a reckoning in 2025. The first is inflation: Incumbents were blamed—not entirely fairly—for a global price surge that had more to do with a once-in-a-century pandemic than their own policy missteps. The second, immigration, looks like more of an unforced error.

Here are the numbers. In the US, where Donald Trump made the border with Mexico a top election issue, the foreign-born share of the population rose to more than 14% in 2023, from less than 5% in 1970. In Canada, it has climbed to 23%. Coincidentally, that's roughly in line with the dwindling share of the population that approves of soon-to-be-ex-Prime Minister Justin Trudeau's performance.

The economic and social impacts of immigration are contentious, with benefits spread broadly and costs concentrated on low-skill native workers who find themselves competing for jobs and housing with new arrivals. The shift from a more-or-less steady stream of migrants to a torrent has added to the strain. Populist parties were quick to recognize and capitalize on that. Centrist parties, meanwhile, were slow to pivot.

At a macro level—and this is true of free trade as well—immigration is good news. An economy's growth potential is a function of the size and productivity of its workforce. Immigrants contribute to both. In Australia, the impact is so significant that with immigrants the economy is growing, without them it would be shrinking.

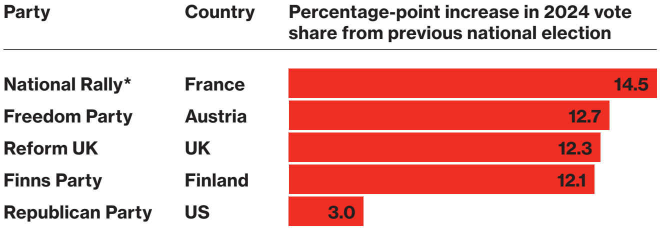
At the micro level, as with free trade, distributional effects matter—an economist's way of saying there are losers as well as winners. High-income households gain as immigrants with complementary skills boost their productivity at work and lower their costs for everything from a meal out to child care. Low-income households lose when immigrants with comparable skills take construction and service jobs at wages native-born workers won't accept.

The social implications are also vexed. The ideal where newcomers bring something rich and distinctive, without changing the national flavor, is an appealing one. NBA rosters, Hollywood credits and OpenTable bookings are all the better for the excellence and variety immigrants add to the mix. And there's a moral imperative to open the door to anyone fleeing violence and persecution, not slam it in their face.

Set against that are fears of an erosion of national culture and way of life, as immigrants arrive in demographics-shifting numbers and sometimes show more interest in maintaining home-country distinctiveness than blending in. In 2023, Muhammad overtook Noah as the most popular name for baby boys born in the UK—a fact that's as innocuous to multiculturalists as it is enraging to nativists.

The Center Cannot Hold

Political parties backing more restrictive immigration policies



Mainstream politicians lean in to the positives. Think of then-Foreign Secretary Robin Cook's celebration of chicken tikka masala as a "true British national dish," then-Chancellor Angela Merkel's "we can do this" invocation to her fellow Germans to welcome a wave of Syrian refugees or Jeb Bush's description of illegal immigration to the US as "an act of love," a statement that wrote the suicide note of his brief presidential campaign.

Mainstream economists do the same. Nobel Prize winner Paul Krugman sees "a lot of evidence" that immigration is helping the US economy and "no good evidence" that immigrants are taking jobs from native workers. In the academic journals, data-torturing treatises claim immigrants create new jobs rather than compete for existing ones, or push locals to upskill, raising rather than lowering wages.

Populist parties, in contrast, have no problem embracing the negatives. Trump's claim that migrants were (literally) eating America's cats and dogs and (figuratively) eating Black and Latino workers' lunch helped win him a second presidential term. Europe's nativist parties—from Reform UK to Alternative for Germany to France's National Rally—are singing from the same race-baiting hymn sheet.

And—despite the contortions of the academy—the lessons of the economics textbook are clear. More supply (for example, of low-skilled workers as immigrant arrivals surge) pushes down prices (or, sticking with the example, wages for other low-skilled workers). More demand (for example, for low-cost housing) raises prices (or, sticking with the example, housing costs).

It's that negative view that, very clearly, is resonating with voters. In election after election over the course of 2024, parties promising a stricter line on immigration increased their share of the vote. In the US, Trump won a second term. In France, the National Rally secured prime position in the legislature. In the UK, support for Reform is surging. Alternative for Germany is polling in second place ahead of February's federal election.

As a consequence, doors that were already creaking closed for immigrants are now poised to slam shut, despite warnings of the pain to come. Back-of-the-envelope calculations show that if Trump were to make good on his threat to deport more migrants than Dwight Eisenhower, the hit to the US economy could be on the order of 3% of GDP.

Hardhanded policies—from Trump separating families at the border to the UK's floating prison ships—aren't particularly effective. Part of the reason: The contrast between the poverty and violence in home nations and the prosperity and stability in destination countries is so great that virtually no rolling up of the welcome mat can reduce the appeal.

What's to be done, then? First, centrist parties need to

■ NEW YORK PROTESTER: SHANNON STAPELTON/REUTERS; NORTHERN IRELAND PROTESTER: HOLLIE ADAMS/REUTERS ■ *FIRST-ROUND RESULTS. DATA: PARLGOV, NATIONAL SOURCES; CHANGES IN VOTE SHARE FOR PARTIES IN FRANCE, AUSTRIA AND THE UK ARE FOR LEGISLATIVE ELECTIONS; CHANGES IN SHARE FOR PARTIES IN FINLAND AND THE US ARE FOR PRESIDENTIAL ELECTIONS

DEPORT ILLEGAL ALIENS
WE WILL NOT BECOME 2ND CLA CITIZENS OUR N COUNTRY

▲ A marcher at a rally in New York City in 2016 (left) and a protester in Northern Ireland, which exploded in anti-immigration riots this summer

regain their place in the debate. Talking about the positives of immigration is fine. Ignoring the negatives is not. Real incomes of America's working class began a prolonged slide in the 1990s, when immigration numbers started to surge. Against that lived experience, arguments—backed up by fancy academic papers—that the two trends are unconnected ring hollow.

Second, commit to regaining control of borders. In 2024, with Fox News broadcasting scary videos of migrant convoys approaching the Rio Grande, Trump had a simple message: Finish building the wall. Can you remember Kamala Harris' message? Neither could US voters. Mainstream parties want to keep the door open to migrants the economy needs and conscience requires. They must demonstrate they understand the importance of keeping it closed to everyone else.

Last but not least, distributional effects need to be recognized and losers compensated. For decades, Democrats and Republicans claimed free trade was a positive and neglected to look after the workers who were displaced when cheap imports flooded the market. That's why Trump's anti-trade message found a receptive audience even in longtime Democratic strongholds, and the US now faces a future of growth-shrinking, price-boosting tariffs.

Centrist parties should avoid repeating those mistakes on immigration. Setting up training programs for workers, investing in affordable housing and ensuring that public services for recent arrivals don't come at the expense of overcrowded schools and hospitals for locals all cost money. If immigration is making the economic pie bigger, it shouldn't be too hard to ensure that no one is getting a smaller slice.

Trump's claim that migrants were (literally) eating America's cats and dogs and (figuratively) eating Black and Latino workers' lunch helped win him a second presidential term

GM gave up on self-driving cars. **Max Chafkin** on what that means for AI

In mid-December, Mary Barra, chief executive officer of General Motors Co., dialed into a conference call with analysts and announced a decision to "realign our autonomous driving strategy." The company was shutting down development of its driverless cars—run by a subsidiary known as Cruise—and would fold the team into the part of GM that works on software for its regular lineup. Barra said this was about "accelerating the path forward, providing customers meaningful benefits along the way."

What was presented as a strategy shift was also a profound admission of failure. For years, Barra—like many executives in the tech and auto industries—spun a fantastical vision of the future in which fleets of so-called robotaxis would imminently replace normal cars. The technology was already developed, according to GM's boss; the only thing left to do was scale it up. "We're here. It's happening now," she boasted at the 2023 South by Southwest Conference in Austin. She routinely claimed that GM, which has annual revenue of roughly $50 billion, would make an additional $50 billion per year from robotaxis by 2030.

These predictions turned out to be outlandishly optimistic, relying on questionable data and technical kludges that made the company's software look more sophisticated than it actually was. Perhaps more unsettling, amid a boom in artificial intelligence technologies that has companies large and small contemplating replacing large numbers of human workers with modified chatbots, Cruise was hardly alone in overpromising. The company's failure not only offers a cautionary tale for others attempting to sell robotaxis, especially Elon Musk's Tesla Inc. and Google's parent, Alphabet Inc., but it also suggests that the wild promises of operators of AI chatbots (and the companies that depend on these chatbots to justify their sky-high valuations) should be met with caution, if not outright skepticism. After all, autonomous driving was supposed to be the easy part of AI.

Despite its failure, Cruise got as close as almost any company has to operating a viable commercial driverless car service. The problem was, it wasn't very close at all. At its peak, Cruise was a money-burning novelty, consisting of a few hundred cars overseen by a staff of thousands. The cars were kept off highways and difficult-to-navigate roads, yet they still managed to interfere with fire trucks and other emergency vehicles while causing a seemingly uncountable number of traffic delays in downtown San Francisco when they glitched out mid-drive. In the face of evidence to the contrary, the company ran ads in the summer of 2023 touting a study—naturally, one the company had conducted—that claimed its cars were superior to the ones normal people drive.

None of these ads made clear that Cruise's "driverless" cars were in fact operating only partly autonomously; they relied on large teams of humans working out of call centers to monitor the vehicles and tell them what to do when necessary. This fact wasn't exactly a secret within the industry: Waymo, Alphabet's driverless car subsidiary, whose robotaxis are becoming increasingly ubiquitous in Los Angeles, Phoenix and San Francisco, also relies on so-called remote operators. But it helped create the impression that Cruise's software was more sophisticated than it actually was.

Then, in late 2023, a Cruise robotaxi was involved in an accident in which a San Francisco pedestrian was struck by another car and landed in the path of the oncoming autonomous vehicle. The Cruise-operated car braked hard but still hit the woman. Rather than stopping to make sure she was OK—what a decent human driver would have done—the Cruise kept going, dragging her for 20 feet. The woman survived but was hospitalized with serious injuries. Cruise eventually settled a lawsuit brought by the victim for about $10 million, according to Bloomberg News, and also paid fines to state and federal regulators for withholding details about the crash. Cruise suspended operations (temporarily, the company said at the time), and its CEO resigned.

In the eight years since buying Cruise, GM burned through more than $10 billion operating the division. "The cash outlay has just been phenomenal for the incredibly low return on investment," says Missy Cummings, director of George Mason University's robotics center and a former adviser to the National Highway Traffic Safety Administration. Conventional wisdom about Cruise says that GM's problems were singular, some combination of bad luck and corporate ineptitude. But Cummings says those who believe this misunderstand what happened to the company and what appears to be happening to its peers.

Like Cruise, Waymo spent enormous

■ PHOTOGRAPH BY MATTHEW PORTER FOR BLOOMBERG BUSINESSWEEK

sums on the way to building a business that, while technically impressive, amounts to a modest fleet operating in only a handful of places at slower-than-normal speeds. Alphabet doesn't report Waymo's losses, but its "other bets" division, which includes Waymo, has lost about $37 billion since 2016. Waymo is currently testing highway driving, but it's yet to offer those rides to customers; Cummings says it's because they can't yet do it safely. The result is a service that's popular with tourists in San Francisco but only commercially viable thanks to the enormous profits that Google's search engine throws off. "What they've accomplished is tremendous," Cummings says. "But they're still limited to 45 miles per hour, and they don't want to talk about that." She says a fully featured robotaxi is still decades away.

The failure to successfully train computers to get anywhere close to the capabilities of any Uber driver (after 15 years of sending cars loaded with sensors onto millions of miles of road) should give pause to some of the same companies as they attempt to use a similar technology to supplant humans in performing more complicated tasks. Driving—unlike, say, writing news stories or doing customer service for a bank—is fairly straightforward, an activity governed by clearly defined rules that are more or less the same no matter where you are.

The early self-driving demos, which started in the mid-2000s, looked almost like the real thing. Company executives and venture capitalists confidently predicted that all that remained was to figure out how to deal with a handful of so-called edge cases, such as teaching the cars to follow the instructions of emergency workers and to handle foul weather. Much more than $100 billion has been invested since then, the edge cases aren't solved, and no one is making money on driverless cars.

In retrospect, Cummings says, the early self-driving pioneers mistook demos for nearly finished products, a mistake that she says the chatbot purveyors are making as well. Large language models come close to approximating some types of human output, but they're also prone to error. Their tendency to "hallucinate" facts, which roughly parallels a persistent problem in driverless cars known as "phantom braking," hasn't been fixed yet. And even the most sophisticated chatbots make mistakes at rates that make them unreliable for most kinds of work, at least without continuous supervision. As with driverless cars, you need humans to make sure that the bots aren't inventing facts in your news story (a big problem for media outlets that have tried to deploy them) or to stop them from spouting obscenities or urging self-harm.

And like robotaxis, the chatbots cost more to run than anyone is willing to pay, causing some, such as Jim Covello, head of equity research at Goldman Sachs, to suggest that the AI boom is actually a speculative bubble. With an implied valuation of almost $160 billion, OpenAI is the richest startup of all time, but it's losing billions of dollars a year.

Then there's the question of the market: A robotaxi replaces something that most people find tedious. Today's slow, somewhat limited driverless cars are clearly useful—at least at their heavily subsidized prices—if you happen to be an introvert or a tourist. But chatbots (think the AI characters Mark Zuckerberg has been inserting into his social network to keep people scrolling) take us further away from the parts of life that are actually, well, real.

Made in the USA

Populism isn't getting America very far, argues **Shawn Donnan**

In pedigree and personality, the 45th and 46th US presidents couldn't have been more different. In their economic policies, though, Donald Trump and Joe Biden shared a populist core. Which means their presidencies look like the advent of a distinct era in history that, with Trump's return as the 47th president, is set to be extended for another four years.

While Trump and Biden may bristle at sharing the "populist" label, both have styled themselves champions of the common man and woman. Their agendas are grounded in the same grievance-driven economic nationalism that challenges decades of orthodoxy on the benefits of free trade and the efficiency of markets. Both blame business and political elites for taking America down the wrong path. And both have staked their presidencies on bringing factory jobs back to the US and lifting up the people and places struggling to keep pace with change.

And yet the reality is that eight years of MAGA and Bidenomics haven't delivered for many of those distressed corners of the world's largest economy.

Viewed from a high altitude, the US economy looks strong. From historically low unemployment to rising wages and wealth to an enduring capacity to be at the forefront of technological change, it's the envy of much of the rest of the world.

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Change in US employment since December 2016

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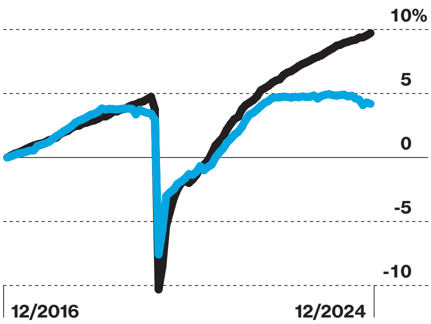

But the ascent of Trump had less to do with the health of the overall economy—and more to do with the people who felt they'd lost their place in it, whether they were young men searching for purpose in deindustrialized communities or middle-aged factory workers looking to hang on until retirement. The Covid-19 pandemic and its wide-ranging effects bear some responsibility, but using employment, wealth or health as a yardstick, it's hard to find any meaningful transformation over the past eight years, which raises questions about the next four.

All those factory jobs promised by Trump and then Biden? The fact is, a smaller share of Americans work in manufacturing today than when Trump was elected to his first term. Since 2016 manufacturing jobs have grown at less than half the rate of overall employment. Even more striking: Manufacturing's share of the overall labor force now sits near a historical low of 8.1%, with 87,000 fewer people working in factories than at the start of 2024 even.

No sector of the industrial economy has drawn more interest from the White House over the past eight years than America's steel industry. In January, Biden blocked the sale of United States Steel Corp. to Japan's Nippon Steel Corp. on national security grounds. Trump used the same justification to impose a 25% tariff on steel imports in 2018 and promised recently that tariffs will bring another boom for US Steel. Protectionism has bought the US an additional 1,100 steel jobs since Trump first took office, or the rough ▶

■ PHOTOGRAPH BY JORDAN TIBERIO FOR BLOOMBERG BUSINESSWEEK. EMBROIDERY: EMILY SIMPSON ■ DATA: US BUREAU OF LABOR STATISTICS. EMPLOYMENT FIGURES ARE SEASONALLY ADJUSTED

Eight years of MAGA and Bidenomics haven't delivered for many of those distressed corners of the world's largest economy

◀ equivalent of jobs created by a single Amazon.com Inc. distribution center.

Neither Trump's nor Biden's populism has succeeded in taming income inequality, which sits near a historical high. The same applies to wealth. Americans with no more than a high school diploma make up a little over a third of the US population but captured less than 8% ($5 trillion) of the $70 trillion in wealth gains recorded since 2016, according to Federal Reserve data. College graduates, who make up an almost equal share, reaped more than 80% ($57 trillion) of the gains.

The educational divide is also reflected in health statistics, and there the evidence of the failure of American populism is especially damning. Princeton University economists Anne Case and Angus Deaton have documented how Americans with college degrees live significantly longer than those with less education, who are more prone to what the scholars have dubbed "deaths of despair" from suicide, alcoholism and drug overdoses. According to the latest Centers for Disease Control and Prevention data, almost 25,000 more Americans died from overdoses in the 12 months to July 2024 than in the year before Trump took office in January 2017.

Many of these deaths of despair have been in what economists and political scientists call "left behind" counties, the often deindustrialized parts of the nation that have borne the economic costs of globalization and automation. As a candidate in 2016, Trump promised to stimulate those distressed areas with a cocktail of tax cuts, infrastructure investments and tariffs designed to encourage manufacturers to repatriate supply chains. Biden kept Trump's duties and added other ingredients to the mix, such as federal subsidies to incentivize companies to build expensive semiconductor fabs and electric-vehicle and battery plants.

But in a study published last summer, the Economic Innovation Group, a Washington think tank, found that the 972 counties it put in the "left behind" category have since 2016 continued to lag the nation on a wide range of metrics, from employment to population growth to business formation. A Bloomberg News analysis of federal data established that almost 30 million people lived in counties in which economic output hadn't recovered to pre-pandemic levels by the end of 2023.

Each side blames the other for the lack of progress. Yet both have wholeheartedly embraced protectionism, whether through tariffs or industrial subsidies, turning their backs on a decades-long neoliberal consensus that saw globalization and laissez-faire government as key ingredients for national prosperity. Both have targeted China's economy as a rival. On both the left and the right of American politics today, you'll find prominent figures decrying the power of the tech industry and arguing for greater limits on trade and foreign investment, all in the interest of the working class.

This isn't an anomaly: Delve into US history, and you'll see that the country's two dominant political parties have dabbled in economic populism. From Andrew Jackson to Theodore Roosevelt to his cousin Franklin D. Roosevelt and the New Deal, sticking it to the establishment has a long history in American presidential politics. What makes the current moment unique is that the populist policies Republicans and Democrats are peddling in Washington increasingly seem at odds with Americans' real economic concerns, which hinge less on the quantity of factory jobs than on the price of groceries, the often crushing cost of health care and the dearth of affordable homes.

As Harvard University economist Dani Rodrik wrote recently: "In an economy where only 8% of workers are employed in manufacturing, a policy that promises to restore the middle class by bringing manufacturing back home is not only unrealistic; it also rings hollow."

Many other economists are warning that the higher tariffs and lower taxes Trump has pledged, along with mass deportations, are likely to cause economic harm via increased inflation and eventually slower growth and a bigger government debt pile. Just as many of those same economists warned that Biden's pandemic stimulus would fuel inflation. Trump's populist response, like Biden's, has been to write off the critics as members of a disproven elite.

Four years from now, we'll have all the data to see just how successful this next leg of the populist project has been. What we've seen so far isn't encouraging. Ⓑ

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Now, the company is working to help more Americans through its support of the HOPE Act—a bipartisan bill in Congress that HealthEquity believes could allow millions more families to have a health savings account and receive more preventive care.

"It is the fundamental way we are going to help bend the cost curve," says Puneet Chandhok, Managing Director and Head of Healthcare Services at Wells Fargo Corporate & Investment Banking, whose team has provided strategic advisory and financing to HealthEquity throughout its journey, from its IPO to its largest acquisition. "It's about doing the right thing."

Steve Neeleman
Founder and Vice Chairman
HealthEquity

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Buying Power

Retailers' survival depends on putting merchants back in charge, says Amanda Mull

Bad in-store experiences have been, in a certain sense, the defining retail trend of the past 15 years. Between understaffing, locked-up products, metastasizing self-checkout kiosks and endless nudges to shop online, it's begun to feel like some retailers resent the necessity of hosting customers at all. Wouldn't it be more efficient and cost-effective, in the end, to operate something more like a big vending machine?

By the time Covid-19 hit, brick-and-mortar chains of all sorts—department stores, drugstores, big boxes, mall brands—had clumsily weed-whacked their in-store operations. They closed scores of locations, starved remaining ones of staff and resources, and filled shelves with cheaper, lower-quality goods their buyers wouldn't have tolerated in decades past. This transformation is a symptom of what Bloomberg Opinion columnist Beth Kowitt describes as "the revenge of the bean counters." Across industries, career bankers and financiers have taken control of a growing number of companies, appointed by boards searching for a steady hand in turbulent times or installed by private equity owners to wring more profit from businesses.

For decades, retailers had been run by merchants—people who directed overall assortment and strategy, usually with careers built if not in merchandising itself, then on the sales floor or as buyers or product developers. Many of them had spent decades in the retailers' now-diminished training programs, which groomed talent from the ground up. They learned how to spot trends, select products and analyze consumer interest. When the Great Recession kicked the legs out from under retail, management consultants, tech experts and corporate financiers without much or any industry experience flooded in, sometimes ascending to the top post, as they did at Gap, Barnes & Noble and, more recently, Nike. These executives were billed as clear-eyed outsiders—people who could transform a dusty industry, unencumbered by the baggage of its traditions.

The results were at best mixed, if not disastrous. In cases where private equity wanted to strip companies for parts anyway, the deteriorating in-store experience, declining product quality and fleeing customers were practically a bonus. But even at public companies that needed their core retail operation to succeed, some of the choices baffled people inside and outside the business. Nike Inc. spammed the market with so many retro sneaker reissues that people lost interest. Barnes & Noble Booksellers Inc. went all in on the Nook, its Amazon Kindle competitor, and lost more than $1 billion. Gap Inc. fell behind the trends it used to set.

But then, quietly, the conventional wisdom on what these floundering businesses needed began to change. In 2017, Abercrombie & Fitch Co. appointed Fran Horowitz, a merchandising lifer, as its chief executive officer. In 2019, B&N replaced its CEO with James Daunt, the proprietor of a chain of beloved British independent bookstores. In 2023, Gap hired CEO Richard Dickson, who most recently turned Barbie around at Mattel and who'd previously spent more than a decade at Bloomingdale's, beginning his career in the retailer's executive training program. Last year, Victoria's Secret & Co. brought on Hillary Super—another retail lifer. Some of these appointments have already paid off in stunning reversals of fortune for ailing businesses, while others are too new to judge and still may very well fail. Either way, we may be in the midst of a retail reckoning.

When traditional retailers began stocking up on those number-crunching outsiders in the early 2010s, many of the companies were already in some kind of trouble—department stores, for example, were buckling after decades of increasing pressure from big-box discounters. Instead of investing in new products or services to compete in the e-commerce era, executives arrived holding a knife. This theory of retail "is very much about cost control," says Neil Saunders, managing director of the retail practice at GlobalData Plc. "It's 'Let's reduce capex. How can we squeeze every cent out of the business?'"

The problem with trimming a retailer's operations down to the bone, though, is that the company still has to give people a reason to keep shopping with it. When the online competition offers rock-bottom prices, infinite selection and fast shipping, enticing shoppers with human customer service and intriguing displays to help them discover new stuff can give the old guard an edge. Merchant-led companies aren't infallible—think Bed Bath & Beyond, with all of its lumbering decision-making and bad bets—but the bean-counter method, even if it manages to improve financial optics in the short term, has often proved "a recipe for failure," Saunders says.

Physical stores have inherent constraints, at which point you need someone with the kinds of soft skills—taste, judgment, institutional knowledge—that career consultants and bankers don't have and often don't even value. Liza Amlani, co-founder of the Retail Strategy Group, says she's seeing a return to corporate leadership spending more time physically in stores to observe how shoppers react to products and experiences. "We're going back to the fundamentals of retailing," she says, pointing out that the retailers growing right now are doing things such as tailoring an individual store's assortment to its neighborhood and using actual feedback from customers to, say, adjust the fit of their jeans or stock different types of snacks.

To see what all of this means in practical terms, consider B&N and Abercrombie, two of the more startling recent retail turnarounds. Entrusting a US chain of big-box, mall-adjacent

■ PHOTOGRAPH BY ELIZABETH RENSTROM FOR BLOOMBERG BUSINESSWEEK

bookstores to a British indie bookseller like Daunt wasn't a risk-free proposition, even though he'd managed to pull off a turnaround at the smaller UK chain Waterstones Booksellers Ltd. But the efforts he's overseen have stabilized a company that was circling the drain. Part of the plan has been handing over a considerable amount of control to its more than 600 individual stores, allowing managers to make decisions about what they carry, how those selections are displayed and what kinds of store events might coax readers in—a level of autonomy and variation that would be easy for a cost-cutter to dismiss as inefficient. B&N has also dedicated in-store and online displays to following the whims of BookTok, TikTok's sprawling community of obsessive readers, which can shoot titles onto bestseller lists seemingly at random.

This combination of granular attention to local needs and recognition of large-scale trends seems to be paying off. B&N is a private company that doesn't release financial metrics, but a spokesperson confirms that it's profitable, and market intelligence firm Placer.ai's estimates show foot traffic increasing year over year through mid-2024. Last year, B&N opened 57 stores, and it says they're "exceeding sales expectations."

At A&F, Horowitz inherited a brand with declining relevance and revenue and transformed it into an agile mainstream fashion machine. By delegating more authority to merchants and buyers, who can respond to emerging trends or rapidly test ideas, the retailer—once infamous for its sexualization of teens—has evolved its products and stores to appeal to a broader audience. As it turns out, hoodies beloved by adolescents and inoffensively trendy dresses for thirtysomethings can live side by side in the same store, as long as those stores are reasonably well-lit and don't stink so thoroughly of cologne they give passersby a migraine. Sales have surged: Since 2016 net sales are up almost 30%—the kind of growth that industry watchers might have otherwise thought impossible for a brand so closely associated with struggling malls. (At the end of 2023, A&F's stock price was growing even faster than Nvidia Corp.'s, though it's no longer quite that hot.)

Bean counters in retail have spent so much time and money over the years trying to replace these kinds of traditional tactics with the wisdom of data. What B&N and A&F show is that people who've spent decades in finance and people who've done the same in merchandising can look at the same data and come to different conclusions.

One of those conclusions is that even in the age of e-commerce, many companies have been undervaluing their own stores. Finding customers online through ad targeting used to be cheap and preferable, but the calculus of Meta Platforms Inc.'s and Google's ad networks has changed. "Now that we have a real sense of how much it costs to acquire customers online versus in store, it's much cheaper to do it in-store," Retail Strategy's Amlani says. Shoppers who buy in person also return things at a far lower rate, don't commit as much fraud and don't need retailers to subsidize their last-mile shipping costs, which are all existential problems plaguing the same companies online. Suddenly, brick-and-mortar retail—when it's run by people who actually understand shopping—looks pretty efficient after all. Ⓑ

The US has a housing crisis. **Michael Albertus** on how federal land could help solve it

Among the more urgent tasks facing Donald Trump now that he's back in the White House is answering calls to address the country's housing availability and affordability crisis. First-time and low-income homebuyers are all but shut out of the housing market, foreclosing the opportunity to build wealth and put a down payment on their own American dream.

The Trump campaign offered several policies to address the problem, but the centerpiece was the idea to open up federally controlled public lands for housing construction. It's a particularly attractive notion because it can skirt local red tape, and it has bipartisan support. But if it's going to succeed, the plan has to be oriented toward transforming smaller plots of land within urban areas and on their periphery.

The data are clear that the nation's current housing crisis stems from a lack of homebuilding in the wake of the Great Recession more than a decade ago. Home construction never caught back up to the demand of a growing population. As a result, the US now has a shortage of about 4.5 million homes, according to Zillow. Surveys published last year showed that more than half of all prospective homebuyers were unable to make a move.

The federal government's power to address this housing deficit is somewhat limited. Local zoning laws and regulations mostly dictate permitting and construction. Bureaucracy and Nimbyism are formidable obstacles in such local contexts.

These roadblocks encouraged both the Trump and Kamala Harris campaigns to propose using federal property for home construction. Trump has promised to slash regulations and create low-tax zones on federal lands. He's also floated the idea of creating a series of "freedom cities" from scratch in which new technology such as flying cars could be deployed. The Harris camp advocated selling federal lands at a cheap rate to local governments and developers.

■ PHOTOGRAPH BY HANNAH WHITAKER FOR BLOOMBERG BUSINESSWEEK ■ DATA: US GEOLOGICAL SURVEY

The trouble is that many federal lands aren't attractive for development or have other important uses, including outdoor recreation, wilderness habitat preservation and forestry, as well as livestock grazing and mineral and energy extraction. Much of the terrain is too rugged for building or too far from the places where people want to live. That's especially true of the vast expanses of arid land in the West, where most federal land is located. Many developers have made a similar point: The chief housing problem is that affordable homes aren't available in the most attractive places to live, which are typically dynamic cities. Of course, building in remote areas could help alleviate housing pressure elsewhere. And it's notable that after the Covid-19 pandemic, many remote workers fled cities for rural areas where opportunities for recreation abound.

The idea of building whole cities from scratch in the middle of nowhere is unattractive to most homebuyers, who want to live where there are ample economic opportunities, services and cultural activities. Instead, the Trump administration should focus on identifying federal parcels of land within or adjacent to metropolitan areas that could be transformed into housing.

A considerable amount of property meets this criterion. One study found that in Utah alone, the US Forest Service and the Bureau of Land Management (BLM) own 217,000 acres within the boundaries of cities. An additional 650,000 acres of federal land—excluding national parks, military bases and areas with other congressional protections—are located within a mile of Utah city boundaries. In a state where new homebuilding permits have hovered at 30,000 a year, that's sufficient acreage to keep developers busy for decades.

A separate national estimate, from a recent report by Senate Republicans, looks at the potential to build housing on federal land. Based on an analysis of holdings of the BLM, the report estimates that about 680,000 buildable acres of federal land near or within existing developed areas could yield 2.7 million new homes. Included in that estimate are places such as Clark County in Nevada and Ada County in Idaho, where the presence of large tracts of federal land has itself become a constraint on construction.

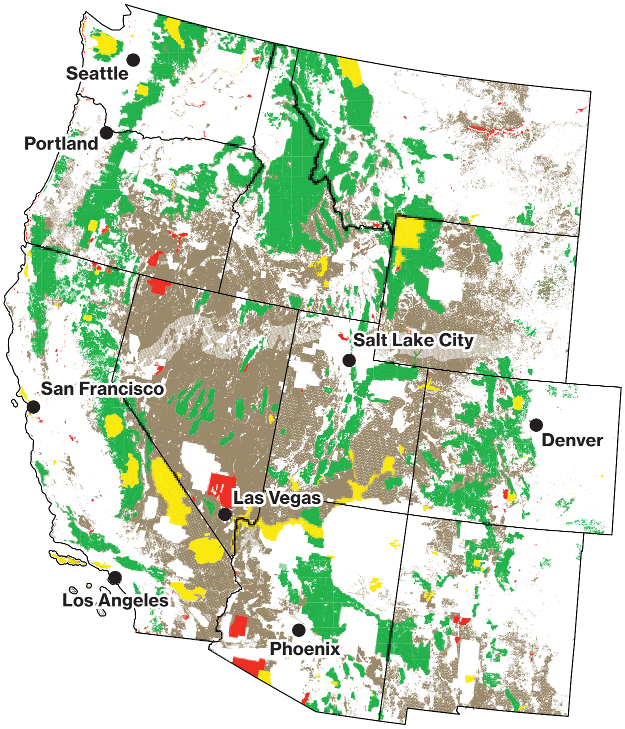
There are precedents for using federal land to relieve housing pressures. In October the BLM sold 20 acres at a nominal price of $100 an acre to Clark County for the purpose of building single-family homes for low-income households as part of the 1998 Southern Nevada Public Land Management Act. Slightly more than half of the 67,920 acres of BLM land originally marked for transfer to the county have now been handed over.

Federal Lands in the Western US

The US government owns about 50% of the land in the West

Federal agency: 🟫 **Bureau of Land Management**

🟥 **Fish and Wildlife Service** 🟩 **Forest Service** 🟨 **National Park Service**

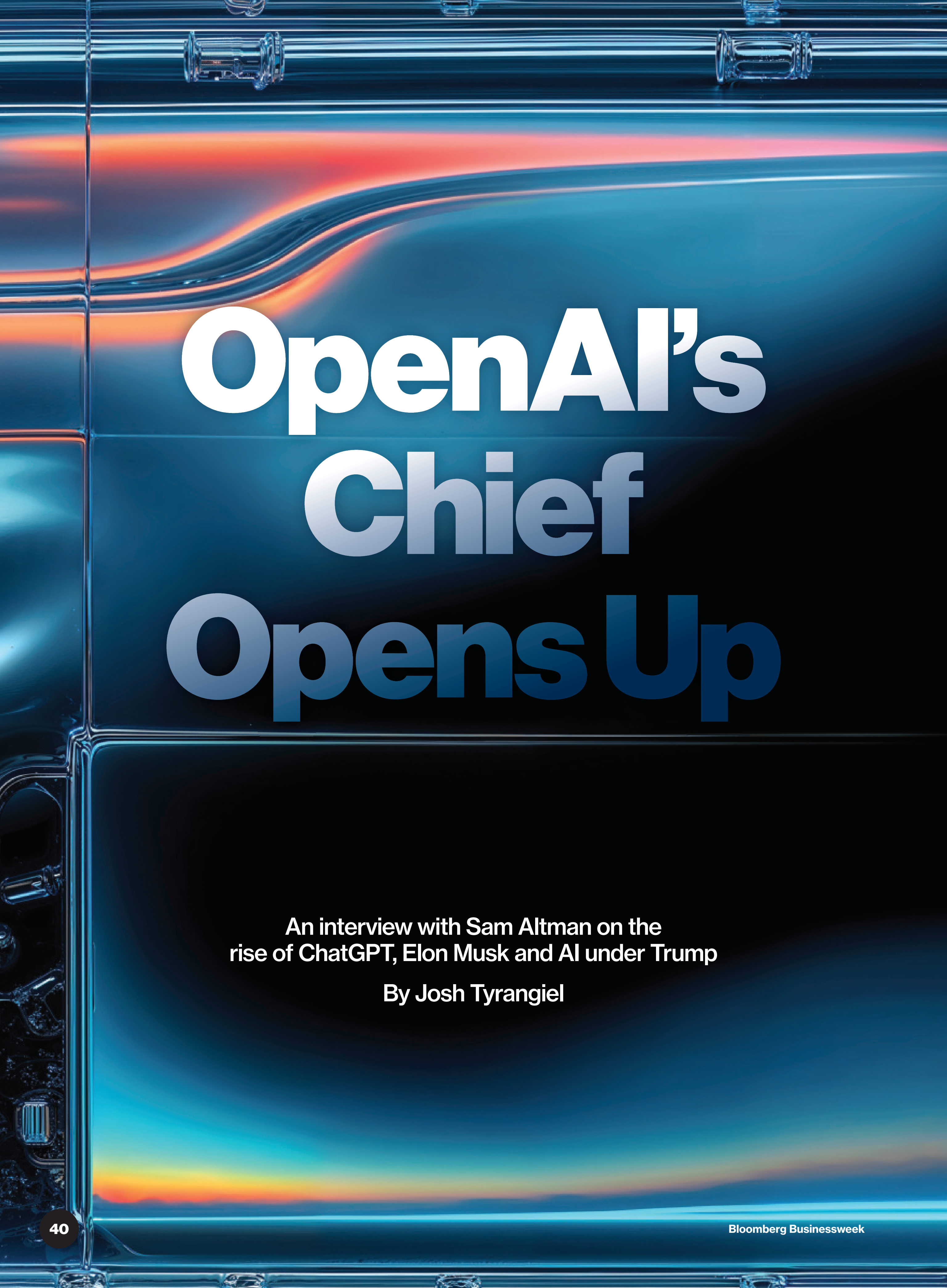


Another option involves leasing federal land to local governments for housing projects rather than selling the acreage outright. For instance, the US Forest Service recently wrote out a 50-year lease on an 11-acre site to Summit County, Colorado, which is home to several popular ski resorts. The county intends to build 162 rental units for local workers.

Using federal land to build homes isn't going to alleviate the US housing shortage overnight. The plan would likely move slowly, making piecemeal gains. The land transfers and leases should also come with stipulations limiting low-density building and mandating a minimum share of affordable housing units, as well as guidelines regarding the preservation of desirable parks and natural areas.

Partnering with local authorities in the disposition of federal lands can also defuse some of the tensions that might otherwise arise from entirely private initiatives to build large-scale housing projects in high-demand areas. For instance, in California's Solano County, which sits midway between San Francisco and Sacramento, a group of wealthy individuals surreptitiously bought up large tracts of farmland, with the aim of creating a community of 20,000 homes that would quickly integrate into the broader Bay Area economy. But the plan has faced stiff opposition from locals who feel pushed around by outsiders and residents who fear they will have to foot the bill for high public costs on the project linked to infrastructure and services. Against that opposition and the need for an environmental impact study, a local vote on the plan has been postponed.

Federal land transfers to local governments for specific development projects can skirt some of these controversies. If done right, such transfers could be an important piece in solving America's housing crisis, while at the same time injecting more economic dynamism in some of the most attractive places to live. Ⓑ



OpenAI's Chief Opens Up

An interview with Sam Altman on the rise of ChatGPT, Elon Musk and AI under Trump

By Josh Tyrangiel

On Nov. 30, 2022, traffic to OpenAI's website peaked at a number a little north of zero. It was a startup so small and sleepy that the owners didn't bother tracking their web traffic. It was a quiet day, the last the company would ever know. Within two months, OpenAI was being pounded by more than 100 million visitors trying, and freaking out about, ChatGPT.

Nothing has been the same for anyone since, particularly Sam Altman. In his most wide-ranging interview as chief executive officer, Altman reflects on his journey from venture capitalist to world-famous tech boss. He also explains his infamous four-day firing in November 2023, how he actually runs OpenAI, his plans for the Trump-Musk presidency and his relentless pursuit of artificial general intelligence—the still-theoretical next phase of AI, in which machines will be capable of performing any intellectual task a human can do.

The official release date of ChatGPT was Nov. 30, 2022. Does that feel like a million years ago or a week ago?

I turn 40 [in April]. On my 30th birthday, I wrote this blog post, and the title of it was "The days are long but the decades are short." Somebody this morning emailed me and said, "This is my favorite blog post, I read it every year. When you turn 40, will you write an update?" I'm laughing, because I'm definitely not going to write an update. I have no time. But if I did, the title would be "The days are long, and the decades are also f---ing very long." So it has felt like a very long time.

Are you a person who enjoys success? Were you able to take it in, or were you already worried about the next phase of scaling?

A very strange thing about me, or my career: The normal arc is you run a big, successful company, and then in your 50s or 60s you get tired of working that hard, and you become a VC. It's very unusual to have been a VC first and have had a pretty long VC career and then run a company. And there are all these ways in which I think it's bad, but one way in which it has been very good for me is you have the weird benefit of knowing what's going to happen to you, because you've watched and advised a bunch of other people through it. And I knew I was both overwhelmed with gratitude and, like, "F---, I'm going to get strapped to a rocket ship, and my life is going to be totally different and not that fun." I had a lot of gallows humor about it. My husband[1] tells funny stories from that period of how I would come home, and he'd be like, "This is so great!" And I was like, "This is just really bad. It's bad for you, too. You just don't realize it yet, but it's really bad." [Laughs]

You've been Silicon Valley famous for a long time, but one consequence of GPT's arrival is that you became world famous with the kind of speed that's usually associated with, like, Sabrina Carpenter or Timothée Chalamet. Did that complicate your ability to manage a workforce?

It complicated my ability to live my life. But in the company, you can be a well-known CEO or not, people are just like, "Where's my f---ing GPUs?"

I feel that distance in all the rest of my life, and it's a really strange thing. I feel that when I'm with old friends, new friends–anyone but the people very closest to me. I guess I do feel it at work if I'm with people I don't normally interact with. But I spend most of my time with the researchers, and man, I promise you, come with me to the research meeting right after this, and you will see nothing but disrespect. Which is great.

When the news emerged that the board had fired you as CEO, it was shocking. But you seem like a person with a strong EQ. Did you

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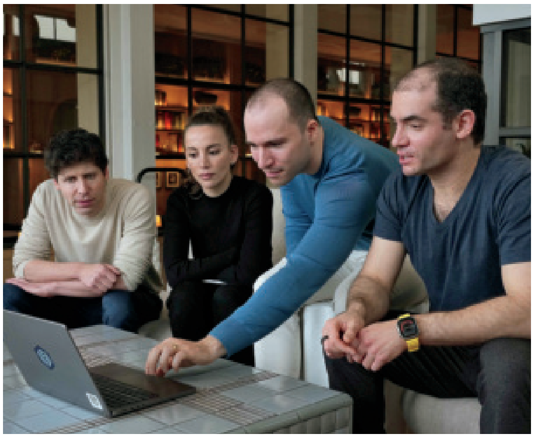
detect any signs of tension before that? And did you know that you were the tension?
I don't think I'm a person with a strong EQ at all, but even for me this was over the line of where I could detect that there was tension. You know, we kind of had this ongoing thing about safety versus capability and the role of a board and how to balance all this stuff. So I knew there was tension, and I'm not a high-EQ person, so there's probably even more.

A lot of annoying things happened that first weekend. My memory of the time–and I may get the details wrong–so they fired me at noon on a Friday. A bunch of other people quit Friday night. By late Friday night I was like, "We're just going to go start a new AGI effort." Later Friday night, some of the executive team was like, "Um, we think we might get this undone. Chill out, just wait."



← Altman in March 2023 with Mira Murati, the former chief technology officer; Greg Brockman, co-founder and president; and Ilya Sutskever, co-founder and former chief scientist.

Saturday morning, two of the board members called and wanted to talk about me coming back. I was initially just supermad and said no. And then I was like, "OK, fine." I really care about [OpenAI]. But I was like, "Only if the whole board quits." I wish I had taken a different tack than that, but at the time it felt like a just thing to ask for. Then we really disagreed over the board for a while. We were trying to negotiate a new board. They had some ideas I thought were ridiculous. I had some ideas they thought were ridiculous. But I thought we were [generally] agreeing. And then–when I got the most mad in the whole period–it went on all day Sunday. Saturday into Sunday they kept saying, "It's almost done. We're just waiting for legal advice, but board consents are being drafted." I kept saying, "I'm keeping the company together. You have all the power. Are you sure you're telling me the truth here?" "Yeah, you're coming back. You're coming back."

And then Sunday night they shock-announce that Emmett Shear was the new CEO. And I was like, "All right, now I'm f---ing really done," because that was real deception. Monday morning rolls around, all these people threaten to quit, and then they're like, "OK, we need to reverse course here."

The board says there was an internal investigation that concluded you weren't "consistently candid" in your communications with them. That's a statement that's specific—they think you were lying or withholding some information—but also vague, because it doesn't say what specifically you weren't being candid about. Do you now know what they were referring to?
I've heard different versions. There was this whole thing of, like, "Sam didn't even tell the board that he was going to launch ChatGPT." And I have a different memory and interpretation of that. But what is true is I definitely was not like, "We're going to launch this thing that is going to be a huge deal." And I think there's been an unfair characterization of a number of things like that. The one thing I'm more aware of is, I had had issues with various board members on what I viewed as conflicts or otherwise problematic behavior, and they were not happy with the way that I tried to get them off the board. Lesson learned on that.

Can I offer a theory?
Sure.

You recognized at some point that the structure of [OpenAI] was going to smother the company, that it might kill it in the crib. Because a mission-driven nonprofit could never compete for the computing power or make the rapid pivots necessary for OpenAI to thrive. The board was made up of originalists who put purity over survival. So you started making decisions to set up OpenAI to compete, which required being a little sneaky, which the board—
I don't think I was doing things that were sneaky. I think the most I would say is, in the spirit of moving really fast, the board did not understand the full picture. There was something that came up about "Sam owning the startup fund, and he didn't tell us about this." And what happened there is because we have this complicated structure:[2] OpenAI itself could not own it, nor could someone who owned equity in OpenAI. And I happened to be the person who didn't own equity in OpenAI. So I was temporarily the owner or GP[3] of it until we got a structure set up to transfer it. I have a different opinion about whether the board should have known about that or not. But should there be extra clarity to communicate things like that, ▶

① Altman married longtime partner Oliver Mulherin, an Australian software engineer, in early 2024. They're expecting a child in March 2025.
② OpenAI was founded in 2015 as a nonprofit with the mission to ensure that AGI benefits all of humanity. This would become, er, problematic.
③ General partner. According to a Securities and Exchange Commission filing on March 29, 2024, the new general partner of OpenAI's startup fund is Ian Hathaway. The fund has roughly $175 million available to invest in AI-focused startups.

■■ PREVIOUS SPREAD: PHOTO ILLUSTRATION BY DANIELLE DEL PLATO FOR BLOOMBERG BUSINESSWEEK; BACKGROUND ILLUSTRATION: CHUCK ANDERSON/KREA.AI; PHOTO: BLOOMBERG
THIS SPREAD: JIM WILSON/THE NEW YORK TIMES/REDUX

◀ where there's even the appearance of doing stuff? Yeah, I'll take that feedback. But that's not sneaky. It's a crazy year, right? It's a company that's moving a million miles an hour in a lot of different ways. I would encourage you to talk to any current board member and ask if they feel like I've ever done anything sneaky, because I make it a point not to do that.

When you got back to the company, were you self-conscious about big decisions or announcements, because you worried about how your character may be perceived? Actually, let me put that more simply. Did you feel like some people may think you were bad, and you needed to convince them that you're good?
It was worse than that. Once everything was cleared up, it was all fine, but in the first few days no one knew anything. And so I'd be walking down the hall, and [people] would avert their eyes. It was like I had a terminal cancer diagnosis. There was sympathy, empathy, but [no one] was sure what to say. That was really tough. But I was like, "We got a complicated job to do. I'm going to keep doing this."

Can you describe how you actually run the company? How do you spend your days? Like, do you talk to individual engineers? Do you get walking-around time?
Let me just call up my calendar. So we do a three-hour executive team meeting on Mondays, and then, OK, yesterday and today, six one-on-ones with engineers. I'm going to the research meeting right after this. Tomorrow is a day where there's a couple of big partnership meetings and a lot of compute meetings.[1] There's five meetings on building up compute. I have three product brainstorm meetings tomorrow, and I've got a big dinner with a major hardware partner after. That's kind of what it looks like. A few things that are weekly rhythms, and then it's mostly whatever comes up.

How much time do you spend communicating, internally and externally?
Way more internal. I'm not a big inspirational email writer, but lots of one-on-one, small-group meetings and then a lot of stuff over Slack.

Oh, man. God bless you. You get into the muck?
I'm a big Slack user. You can get a lot of data in the muck. I mean, there's nothing that's as good as being in a meeting with a small research team for depth. But for breadth, man, you can get a lot that way.

← OpenAI's headquarters in San Francisco. After Altman was fired in 2023, almost every employee threatened to quit if the board didn't reinstate him.

■ JIM WILSON/THE NEW YORK TIMES/REDUX

“I don’t think I was doing things that were sneaky”

You’ve previously discussed stepping in with a very strong point of view about how ChatGPT should look and what the user experience should be. Are there places where you feel your competency requires you to be more of a player than a coach?
At this scale? Not really. I had dinner with the Sora[2] team last night, and I had pages of written, fairly detailed suggestions of things. But that’s unusual. Or the meeting after this, I have a very specific pitch to the research team of what I think they should do over the next three months and quite a lot of granular detail, but that’s also unusual.

We’ve talked a little about how scientific research can sometimes be in conflict with a corporate structure. You’ve put research in a different building from the rest of the company, a couple of miles away. Is there some symbolic intent behind that?
Uh, no, that’s just logistical, space planning. We will get to a big campus all at once at some point. Research will still have its own area. Protecting the core of research is really critical to what we do.

Protecting it from what?
The normal way a Silicon Valley company goes is you start up as a product company. You get really good at that. You build up to this massive scale. And as you build up this massive scale, revenue growth naturally slows down as a percentage, usually. And at some point the CEO gets the idea that he or she is going to start a research lab to come up with a bunch of new ideas and drive further growth. And that has worked a couple of times in history. Famously for Bell Labs and Xerox PARC. Usually it doesn’t. Usually you get a very good product company and a very bad research lab. We’re very fortunate that the little product company we bolted on is the fastest-growing tech company maybe ever–certainly in a long time. But that could easily subsume the magic of research, and I do not intend to let that happen.

We are here to build AGI and superintelligence and all the things that come beyond that. There are many wonderful things that are going to happen to us along the way, any of which could very reasonably distract us from the grand prize. I think it’s really important not to get distracted.

As a company, you’ve sort of stopped publicly speaking about AGI. You started talking about AI and levels, and yet individually you talk about AGI.
“AGI” has become a very sloppy term. If you look at our levels, our five levels, you can find people that would call each of those AGI, right? And the hope of the levels is to have some more specific grounding on where we are and kind of like how progress is going, rather than is it AGI, or is it not AGI?

What’s the threshold where you’re going to say, “OK, we’ve achieved AGI now”?
The very rough way I try to think about it is when an AI system can do what very skilled humans in important jobs can do–I’d call that AGI. There’s then a bunch of follow-on questions like, well, is it the full job or only part of it? Can it start as a computer program and decide it wants to become a doctor? Can it do what the best people in the field can do or the 98th percentile? How autonomous is it? I don’t have deep, precise answers there yet, but if you could hire an AI as a remote employee to be a great software engineer, I think a lot of people would say, “OK, that’s AGI-ish.”

Now we’re going to move the goalposts, always, which is why this is hard, but I’ll stick with that as an answer. And then when I think about superintelligence, the key thing to me is, can this system rapidly increase the rate of scientific discovery that happens on planet Earth?

You now have more than 300 million users. What are you learning from their behavior that’s changed your understanding of ChatGPT?
Talking to people about what they use ChatGPT for, and what they don’t, has been very informative in our product planning. A thing that used to come up all the time is it was clear people were trying to use ChatGPT for search a lot, and that actually wasn’t something that we had in mind when we first launched it. And it was terrible for that. But that became very clearly an important thing to build. And honestly, since we’ve launched search in ChatGPT, I almost don’t use Google anymore. And I don’t think it would have been obvious to me that ChatGPT was going to replace my use of Google before we launched it, when we just had an internal prototype. ▶

① In AI, “compute” is commonly used as a noun, referring to the processing power and resources—such as central processing units (CPUs), graphics processing units (GPUs) and tensor processing units (TPUs)—required to train, run or develop machine-learning models. Want to know how Nvidia Corp.’s Jensen Huang got rich? Compute.
② Sora is OpenAI’s advanced visual AI generator, released to the public on Dec. 9, 2024.

◀ Another thing we learned from users: how much people are relying on it for medical advice. Many people who work at OpenAI get really heartwarming emails when people are like, "I was sick for years, no doctor told me what I had. I finally put all my symptoms and test results into ChatGPT–it said I had this rare disease. I went to a doctor, and they gave me this thing, and I'm totally cured." That's an extreme example, but things like that happen a lot, and that has taught us that people want this and we should build more of it.

Your products have had a lot of prices, from $0 to $20 to $200—Bloomberg reported on the possibility of a $2,000 tier. How do you price technology that's never existed before? Is it market research? A finger in the wind?
We launched ChatGPT for free, and then people started using it a lot, and we had to have some way to pay for it. I believe we tested two prices, $20 and $42. People thought $42 was a little too much. They were happy to pay $20. We picked $20. Probably it was late December of 2022 or early January. It was not a rigorous "hire someone and do a pricing study" thing.

There's other directions that we think about. A lot of customers are telling us they want usage-based pricing. You know, "Some months I might need to spend $1,000 on compute, some months I want to spend very little." I am old enough that I remember when we had dial-up internet, and AOL gave you 10 hours a month or five hours a month or whatever your package was. And I hated that. I hated being on the clock, so I don't want that kind of a vibe. But there's other ones I can imagine that still make sense, that are somehow usage-based.

On AI safety, has your sense evolved of what the dangers actually might be?
I still have roughly the same short-, medium- and long-term risk profiles. I still expect that on cybersecurity and bio stuff,[1] we'll see serious, or potentially serious, short-term issues that need mitigation. Long term, as you think about a system that really just has incredible capability, there's risks that are probably hard to precisely imagine and model. But I can simultaneously think that these risks are real and also believe that the only way to appropriately address them is to ship product and learn.

← Donald Trump and Elon Musk's alliance poses a unique challenge for Altman. After Altman and Musk founded OpenAI together, they had a public falling out and are engaged in bitter litigation.

When it comes to the immediate future, the industry seems to have coalesced around three potential roadblocks to progress: scaling the models, chip scarcity and energy scarcity. I know they commingle, but can you rank those in terms of your concern?
We have a plan that I feel pretty good about on each category. Scaling the models, we continue to make technical progress, capability progress, safety progress, all together. I think 2025 will be an incredible year.

We have been hard at work on the whole [chip] supply chain, all the partners. We have people to build data centers and make chips for us. We have our own chip effort here. We have a wonderful partnership with Nvidia, just an absolutely incredible company. And we'll talk more about this, but now is the time for us to scale chips.

So energy ...
Fusion's going to work.

Fusion is going to work. Um. On what time frame?
Soon. Well, soon there will be a demonstration of net-gain fusion. You then have to build a system that doesn't break. You have to scale it up. You have to figure out how to build a factory–build a lot of them–and you have to get regulatory approval.

"The thing I really deeply agree with the president on is, it is wild how difficult it has become to build things"

■ CHRIS UNGER/GETTY IMAGES

And that will take, you know, years altogether? But I would expect [Helion][2] will show you that fusion works soon.

In the short term, is there any way to sustain AI's growth without going backward on climate goals?
Yes, but none that is as good, in my opinion, as quickly permitting fusion reactors. I think our particular kind of fusion is such a beautiful approach that we should just race toward that and be done.

A lot of what you just said interacts with the government. We have a new president coming. You made a personal $1 million donation to the inaugural fund. Why?
He's the president of the United States. I support any president.

I understand why it makes sense for OpenAI to be seen supporting a president who's famous for keeping score of who's supporting him, but this was a personal donation. Donald Trump opposes many of the things you've previously supported. Am I wrong to think the donation is less an act of patriotic conviction and more an act of fealty?
I don't support everything that Trump does or says or thinks. I don't support everything that Biden says or does or thinks. But I do support the United States of America, and I will work to the degree I'm able to with any president for the good of the country. And particularly for the good of what I think is this huge moment that has got to transcend any political issues. I think AGI will probably get developed during this president's term, and getting that right seems really important. Supporting the inauguration, I think that's a relatively small thing. I don't view that as a big decision either way. But I do think we all should wish for the president's success.

He's said he hates the Chips Act. You supported the Chips Act.
I actually don't. I think the Chips Act was better than doing nothing but not the thing that we should have done. And I think there's a real opportunity to do something much better as a follow-on. I don't think the Chips Act has been as effective as any of us hoped.

Elon[3] is clearly going to be playing some role in this administration. He's suing you. He's competing with you. I saw your comments at DealBook that you think he's above using his position to engage in any funny business as it relates to AI.
I do think so.

But if I may: In the past few years he bought Twitter, then sued to get out of buying Twitter. He replatformed Alex Jones. He challenged Zuckerberg to a cage match. That's just kind of the tip of the funny-business iceberg. So do you really believe that he's going to—
Oh, I think he'll do all sorts of bad shit. I think he'll continue to sue us and drop lawsuits and make new lawsuits and whatever else. He hasn't challenged me to a cage match yet, but I don't think he was that serious about it with Zuck, either, it turned out. As you pointed out, he says a lot of things, starts them, undoes them, gets sued, sues, gets in fights with the government, gets investigated by the government. That's just Elon being Elon. The question was, will he abuse his political power of being co-president, or whatever he calls himself now, to mess with a business competitor? I don't think he'll do that. I genuinely don't. May turn out to be proven wrong.

When the two of you were working together at your best [at OpenAI], how would you describe what you each brought to the relationship?
Maybe like a complementary spirit. We don't know exactly what this is going to be or what we're going to do or how this is going to go, but we have a shared conviction that this is important, and this is the rough direction to push and how to course-correct.

I'm curious what the actual working relationship was like.
I don't remember any big blowups with Elon until the fallout that led to the departure.

Let's presume you're right and there's positive intent from Elon and the administration. What's the most helpful thing the Trump administration can do for AI in 2025?
US-built infrastructure and lots of it. The thing I really deeply agree with the president on is, it is wild how difficult it has become to build things in the United States. Power plants, data centers, any of that kind of stuff. I understand how bureaucratic cruft builds up, but it's not helpful to the country in general. It's particularly not helpful when you think about what needs to happen for the US to lead AI. And the US really needs to lead AI. Ⓑ

The interview was edited for length and clarity. For the full Q&A, go to bloomberg.com/businessweek

❶ In September 2024, OpenAI acknowledged that its latest AI models have increased the risk of misuse in creating bioweapons.
❷ Helion, a clean energy startup backed by Altman, Facebook co-founder Dustin Moskovitz and LinkedIn co-founder Reid Hoffman, focuses on developing nuclear fusion.
❸ C'mon, how many Elons do you know?

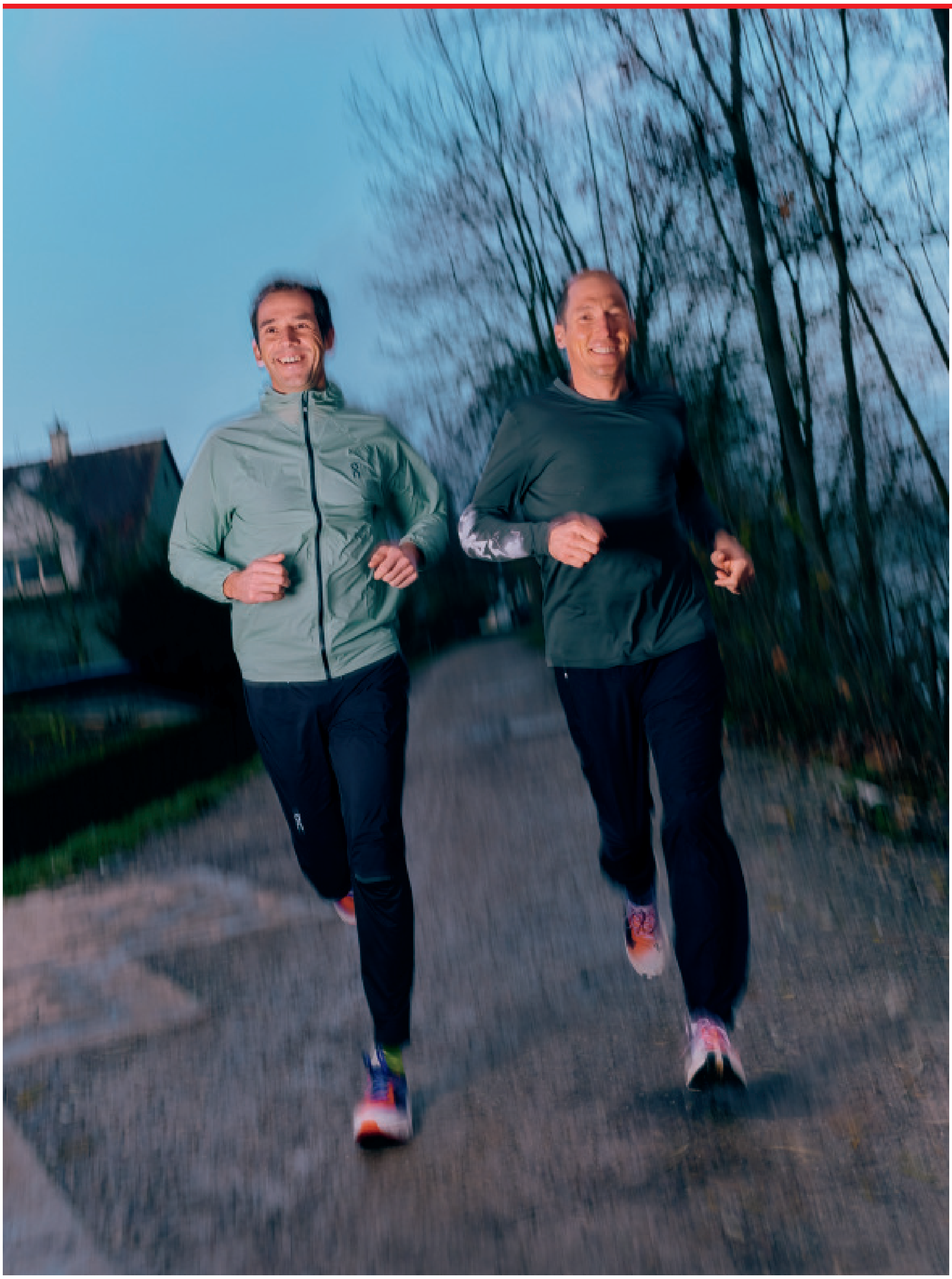
When Nike and Adidas stumbled, a Swiss upstart soared—and now finds itself at the center of the comfy shoe craze

By Tim Loh and Lily Meier

Photograph by Ryan Duffin

On
SWISS ENGINEERING
On

IT'S ON



Co-CEOs Martin Hoffmann and Marc Maurer near On's headquarters in Zurich

VINNIE PETRARCA IS THE UNLIKELY FACE OF THE latest running boom—or running shoe boom, rather. The real estate broker spends much of his life on his feet, strolling with clients along the endless boardwalks of Fire Island, New York. For years he wore New Balance sneakers on the job. Then he watched a proliferation of new brands appear on his neighbors' feet—in particular, sleek sneakers with a squishy row of tubes that doubled as the sole. After hearing friends rave about their comfort, he finally ordered a pair in the summer of 2023, though he only had a rough idea of what he was looking for. For one thing, he thought the company was called On Cloud. He also surmised that the brand's logo belonged to Lululemon. (The brand is On, the model is Cloud, and no, its logo is not Lululemon's.) And while he's now a devoted customer, he only learned while being interviewed for this story that On Holding AG is a company based in Switzerland. That makes sense, he reasons—the Swiss are known for their feats of engineering. "They make good watches," he says. "Why shouldn't they make good sneakers?"

Half a world away, two other recent On converts are sipping espresso at a hip Munich cafe after a Monday morning run. Erik Schereder became a fan in July after receiving free gear at a 24-hour race sponsored by the company, part of its ongoing grassroots marketing. After running in the brand's plushly cushioned Cloudmonster model, which retails for about $200, he persuaded his buddy Leon Buchholz to buy a pair. "For daily training runs, these are the best," says Buchholz, a venture capitalist who'd previously tried running shoes from New Balance and Hoka, but "these are the most comfortable, and fast." After a recent visit to an On store in Berlin, he's also impressed with the brand's slick, minimalist aesthetic. "They're the Apple of running."

It's the kind of high praise most brands would kill for, and in On's case it's been a decade-and-a-half in the making. In the late 2010s, Nike Inc. helped spur the current running shoe

■ PHOTOGRAPH BY MAXIMILIAN VIRGILI FOR BLOOMBERG BUSINESSWEEK ■ DATA: EUROMONITOR, COMPANY WEBSITES AS OF JAN. 9

revival with the introduction of its carbon-plated racing shoes. But then it and Adidas AG soon stumbled after leaning too heavily into fashion rather than performance. Nike only compounded its problems by pulling many of its sneakers out of retailers—especially stores that cater to serious runners—hoping to juice profits by selling directly to the masses.

Which left an opening for an upstart brand like On just as running culture was peaking and nonrunners were hungry to discover the next hip shoe that wouldn't destroy their feet. In the past three years, the US running shoe market has ballooned by 20%, to $7.4 billion as of October, according to market researcher Circana LLC, with only 43% of buyers using those shoes for exercise. The running shoe market is expected to keep growing faster than the rest of footwear, both in terms of people buying the products and the average selling prices of the sneakers, says Janine Stichter, an analyst at BTIG LLC.

On, which is based in Zurich and run by five partners with an earnest management philosophy rooted in "Swiss democracy," brought in about $2.5 billion in sales in 2024. That 30% year-over-year growth is impressive, but it's still a long way from Adidas' nearly $25 billion or Nike's almost $50 billion in annual revenue. Despite the brand seeming to appear everywhere from sidewalks to supermarkets to trading floors, On still has only about a 2% share of the global athletic footwear market.

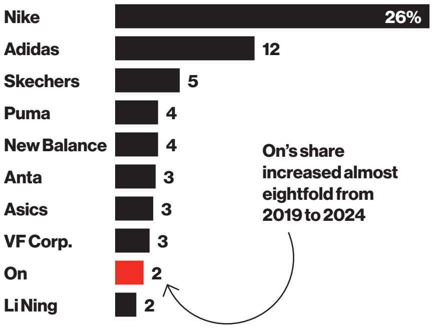
The company's challenge is to maintain its momentum as it grows, while not losing its street cred among athletes. The sports world is littered with brands—think Reebok and Under Armour—that failed to make this transition. Now On, whose stated ambition is to become the "most premium global sportswear brand," is trying to pull every lever: entering more countries, building up its own sales channels, expanding beyond running, selling $450 puffer jackets and $150 T-shirts and enlisting celebrity brand ambassadors such as Zendaya and FKA twigs. And, of course, figuring out how to bring to market the next multibillion-dollar sneaker technology to dazzle the public's feet the way it's managed to do with its CloudTec cushioning.

"You will always see ups and downs and innovation cycles and struggles, and On will also be in one of those places at some point," says co-Chief Executive Officer Marc Maurer from the company's headquarters, with its picturesque views of the Alps. How big On gets will largely depend on its ability to strike that balance between customers trying to beat their personal best and those orthopedically inclined. "If that leads to us being bigger than Adidas or Nike," he says, "that's beautiful."

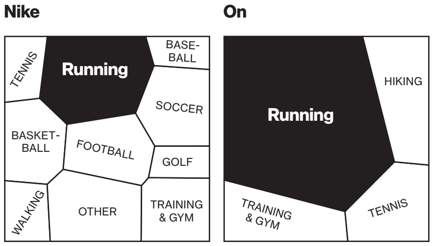
OLIVIER BERNHARD, A SWISS TRIATHLETE, WAS sponsored by Adidas and Nike in the '90s and '00s as he crisscrossed the globe competing in Ironman races from Hawaii to New Zealand. Also a tinkerer, he would sometimes show up to competitions with modifications to, say, his bike's handlebars, which he once replaced with an aluminum, horn-shaped bar for weight reduction. In 2005, after a dozen years and too many injuries, Bernhard retired as a pro. He turned his attention to, among other things, trying to create a new type of running shoe.

Moving On Up

Share of the global sports footwear market by company, 2024



Share of sport-specific shoes offered, by brand



Partnering with an engineer in Zurich, he tested a pair of Nikes with the bottoms shaved off and replaced with bits of a garden hose. He took them for a spin and felt elated, experiencing a shoe that combined a soft landing with an explosive takeoff. He pitched the idea to his old sponsors, Nike and Adidas. When they said no, he decided to develop the concept on his own. "If it's not baked in our kitchen, it can't be that good," Bernhard recalls each sneaker giant more or less telling him. (Nike and Adidas did not respond to requests for comment.)

Bernhard called up Caspar Coppetti, a snowboarding enthusiast who'd once been his triathlon agent. Coppetti, who later worked at McKinsey & Co. and then a branding firm, told Bernhard it was stupid to try to compete in a market as mature and cutthroat as running shoes. But when Coppetti saw the prototype, he was captivated that you could vividly see the technology—the tubular outsole—which wasn't buried beneath foam and rubber as in most shoes. The clincher was when he slipped on a pair and walked around a conference table. "I had never walked like this before," he once said on a podcast. "You can not only see the technology, but you can feel it."

Coppetti called an old McKinsey colleague, David Allemann, who by then was head of marketing at the boutique furniture design firm Vitra. Together, the three did what many Swiss do when contemplating a big decision: They went hiking. On a mountain trail high above the glitzy resort of St. Moritz, they reached a consensus. Switzerland may not be famous for its startups, but perhaps they could blaze a trail of their own. Entering middle age in a wealthy, safe country, with a bit of money in their bank accounts, they wondered: If they couldn't be entrepreneurial, then who could?

Bernhard took the lead on developing shoe technology and persuading professional athletes to give it a shot. Allemann set off for Asia to learn the ropes of manufacturing and secure production capacity. Coppetti began barnstorming Europe, the US and Japan, begging owners of running shops to go for a jog with him in the sneakers and maybe even carry the products on their shelves. These owners, he reasoned, were the ultimate ▶

◀ influencers. If you convince them of the superiority of your shoe, perhaps they'll convince other runners and build up your credibility as a performance brand.

Early on, the trio considered the name Neon for their company, eventually whittling it down to its second syllable. Later, a product tester came back from a run saying she felt like she was running on clouds. The entrepreneurs ran with it, as it were. They called their patented shoe design CloudTec. Their first model, named Cloudsurfer, featured a clean, minimalist upper with what looked like five rows of not-quite-flattened rigatoni grafted on the bottom—the individual "clouds."

Allemann struggled to persuade factories in Asia to manufacture this funny-looking sole at the quality and scale they wanted. Yet the orders mounted. The three founders needed help professionalizing and growing their tiny business, so Coppetti recruited a snowboarding friend, Marc Maurer, to join them. At the time, Maurer was head of business development and marketing for Valora Retail, which ran a chain of convenience stores in Central Europe similar to 7-Eleven. He approached his own boss, the company's finance chief, Martin Hoffmann. The bad news, he told him, was that he was leaving for a shoe startup in Zurich. The good news? It was looking for a CFO.

Maurer and Hoffmann bought stakes in On in 2013 and joined the three founders as equal partners. Among their first strategic decisions was that Hoffmann should relocate to Portland, Oregon, Nike's backyard. Britt Olsen, a skiing and mountain biking addict who'd recently departed another Portland startup, joined as On's head of North America marketing. Olsen had been looking for something entrepreneurial, but with less of the American hustle-and-grind vibe, and she got the sense there was something different about this little European enterprise.

On had five partners and no CEO—a unique setup, he would later conclude, that gave the company a much richer pool of executive brainpower

Its owners weren't simply looking for rapid growth. "What's happened in the past when I worked for companies that were, you know, early startup, VC-funded seed money, it's raise, raise, raise, raise, raise, raise, raise, raise, raise," she says. "But where's the proof?"

In early meetings, Olsen and her few fellow American colleagues tended to be the aggressive ones, arguing that On could rapidly expand and maybe even topple Nike one day. The Europeans were more circumspect. Then, one day in early 2016, Maurer and the three founders flew to Portland for a weekend strategizing session with Hoffmann, who'd rented a house on the Oregon coast. In the previous year, On's revenues had reached about $30 million—which Nike generated approximately every eight hours—and the executives were nervous about whether they could keep that growth going. Should they play it safe and pursue the slow, steady pace of a niche running brand? Or should they aim big, expanding into other sports and targeting the feet of millions of people? Above all, were all five of them still interested in being entrepreneurial lifers—or did they want to cash out and return to their old lives?

On the drive to the house, Hoffmann pulled off the highway and took his partners through a suburb to One Bowerman Dr., the entrance of Nike's global headquarters in Beaverton. The Europeans climbed out of the car and feasted their eyes on the Swoosh's vast, grandiose grounds, the skillful result of spending decades catering to the needs of athletes and the whims of the general public. Nike, also once a niche running brand, hadn't just expanded into other sports; it had become a cultural icon, alongside legends whose names now graced the buildings of its campus: Pete Sampras, Tiger Woods and Michael Jordan.

By the end of the weekend, they'd made their decision. They were going for it.

ON POPPED UP ON KEN FOX'S RADAR IN 2013. His private equity firm, Stripes LLC, was particularly interested in brands with obsessive followings; it would eventually go on to back the organic Los Angeles grocer Erewhon, the indie film darling A24 and the cult cookie chain Levain, among other companies. Fox had been scoping out the sneaker industry, convinced there was room for a challenger brand to Nike and Adidas.

At the time, On had yet to open a store in the US or launch a significant marketing campaign. Its sneakers were available at other retailers, and people were mostly finding out about them through grassroots marketing, which consisted of arming local brand ambassadors in key cities with free merch, sponsoring local 5K races and working closely with the owners of specialty running stores—the same ones Coppetti had been chatting up. When this worked well, a store manager would talk with a runner who'd come in looking for, say, another pair of Nikes. "You know, if you like the Nike Pegasus," the manager might say, "you might want to try on a pair of On Clouds."

But unlike North American brands such as Under Armour or Lululemon, which began growing in a vast domestic market before even contemplating expansion to the rest of the world, On was from a tiny European country and knew it had to expand globally and fast. While the Cloud model introduced in 2014 was technically a running shoe—Swiss triathlete Nicola Spirig won silver at the Rio Olympics in a pair—the model was catching on with casual wearers in the German-speaking world.

In 2016, Fox finally reached out to Hoffmann. The On partners saw something unique in the investor. "As a startup consumer brand, we got offered money from either West Coast venture firms, who are all about your tech and how fast you can build your direct-to-consumer offering, or East Coast private equity

■ PHOTOGRAPH BY WILL MATSUDA FOR BLOOMBERG BUSINESSWEEK

who want to build a traditional consumer product," co-founder Allemann told Bloomberg in 2021. "Stripes is both." Fox was surprised to discover that On had five partners and no CEO—a unique setup, he would later conclude, that gave the company a much richer pool of executive brainpower than typical businesses still chasing $100 million in annual sales. The partners were highly collaborative and focused on grooming newcomers to the industry. "It's just a kind of extraordinary talent factory, where you had people really develop and grow," says Fox, whose firm invested $60 million for a roughly 18% stake in 2017. (Hoffmann and Maurer eventually became co-CEOs in January 2021.)

Then On experienced a sort of only-in-Switzerland windfall. Another early investor was a fund backed by billionaire investment banker Jorge Paulo Lemann, who has a home on Lake Zurich. At the time, Lemann was letting tennis star Roger Federer use his grass court to get in shape for Wimbledon. In the summer of 2018, Federer ended his contract with Nike and before long agreed to meet for dinner in Zurich with the On partners, who, incidentally, had noticed photos on social media of Federer's wife, Mirka, wearing Ons. When Federer visited On's campus—known as On Labs, which along with a sleek office includes a skunkworks filled with sneaker components and cobbling machines—the partners put him on a treadmill in a pair of Cloudsurfers. He had told them he could stay for only 20 minutes, but didn't end up leaving for several hours. Soon Federer was on board to buy a stake in the company and help champion its entry into tennis, replete with a new line called the Roger.

Olsen, On's chief commercial officer

After the pandemic hit, the sneaker-verse was booming—particularly Nike. Resale markets such as StockX had turned its models into a new asset class, its lines such as Dunks were selling out, and the company's profitable new strategy was to cut out middlemen retailers and sell directly to fans. Nike began devoting more design energy to its lifestyle models instead of performance lines and reduced or halted the flow of sneakers to all sorts of popular chains, from Foot Locker and DSW to department stores like Macy's and specialty running stores including Fleet Feet.

In 2021, still growing by about 70% a year, On surged to $800 million in sales. It had launched in China, opened a flagship store in New York and reached a new milestone—selling 10 million pairs of shoes in a single year. The five partners decided to take the company public. Fox put On in touch with bankers and investors, hoping the initial public offering would be as much about freeing up new capital as raising the profile of the still largely under-the-radar brand. Instead, the timing coincided with another wave of Covid-19, which shut sneaker factories across Asia, snarled global shipping and made air freight more expensive. On's stock whipsawed for the first 24 months, which was slightly better than the S&P 500 index and far superior to Nike, whose troubles from its new strategy began mounting.

Meanwhile, Federer as the face of On as a performance brand was not going as planned. He was supposed to compete in majors, but he reinjured his knee after joining the company and managed to play only a small number of largely ▶

◀ uncompetitive matches in 2021. The tennis star was on a couch in On's office in 2022 when he announced his retirement on Instagram. The public started viewing him as a lifestyle figure and, with it, On as a lifestyle brand.

This was exacerbating a conundrum for the company, which wanted to be taken seriously as an athletic player but was being embraced for its fashionable comfort. On Clouds had become ubiquitous in Germany, Austria and Switzerland, but as the go-to shoe for doctors, nurses, restaurant workers and seniors. A similar situation played out in Japan.

Fearing that On could lose its sports cred, in 2023 the partners began removing its products from some 200 locations across those smaller European markets swooning over the brand's orthopedic benefits. Sure, it would sacrifice some sales, but by then most of On's growth was happening in the US, and it needed to stay in control of the brand's image. It soon introduced a new version of the Roger performance tennis shoe (now one of its top-performing lines) and signed contracts with young players heading into their prime. It also rolled out new hiking and running shoe lines, including one with a maximalist chunky sole that aimed at rival upstart Hoka. The various models were designed for different types of runners, who On hoped would lock onto a certain franchise for years to come. "We started to turn around the messaging," Maurer says.

Also around this time, Nike's strategy to pull out of retailers was proving to be a massive miscalculation. Not only had its customers lost interest in its lifestyle offerings—with no new performance-oriented products to replace them—novel brands filled the stores it had abandoned. In 2022, Foot Locker had 10 million new customers in the US, with On and Hoka driving twice as much of that traffic as competitors. Nike's fumble, says Hoffman, is one reason why "On and Hoka exist today."

Material and soles at On's lab

FINN BREMNER, WHO MANAGES the Brooklyn Running Co. store in the New York City borough's Park Slope neighborhood, knows exactly what to say to customers who walk in asking about "QC" shoes. Obviously, he says, they're referring to On, whose logo features a curiously shaped "O" with a hash mark on top and an extraordinarily sans-serif lowercase "n." (If you google "QC shoes," you'll find On's website.) At nearby Prospect Park, Aviel Fradkine, a 24-year-old social worker, says he tried to buy a pair online, but it took him a while to find them. "I wasn't entering the right letters."

Aware of this logo confusion, On has an explanation that, at least to executives, makes perfect sense. The tick at the top of the O is meant to evoke a light switch, explains Maurer, who stands up excitedly to demonstrate his point. Since On's soles create a feeling of instability, they force you to activate underutilized muscles. "You stand more upright in an On," he says, his knees bent slightly, as if he's ready to bound to the top of the company's 17-story office tower. "It feels like you're being switched on." Maurer points out there was a time when consumers didn't recognize Nike's logo either. "Everyone knows the Swoosh," he says. "But they needed to establish that over a long period of time." ■

PHOTOGRAPH BY MAXIMILIAN VIRGILI FOR BLOOMBERG BUSINESSWEEK

Unlike most startup consumer brands, On made the early decision not to raise tons of money to pour into marketing. “For us it was important to not push ourselves in people’s face just with spending money,” Maurer says. It enabled On to become profitable earlier than many startups and allowed the five partners to retain a controlling stake in the company, which they still hold today.

But they’ve finally decided to throw cash at some of that brand confusion in the form of a very expensive endorser—Zendaya. In June, On signed a major partnership with the actor-singer, who brings with her 180 million Instagram followers, many of whom are young and female, just one of the key growth segments for the company. On quickly posted a series of short videos of the film star, including one where she zips down a summer toboggan run in the Swiss Alps in On shoes and workout gear. “I used to be really bad at trying new things,” Zendaya says, before plunging down the winding course. When she emerges at the bottom, she smiles and says: “OK, I’m not so bad.”

It’s clearly more of a play to woo anyone with feet—not hardcore runners—and risks undercutting the brand’s reputation with the latter. Yet On says that its relationship with athletes remains critical. The company carefully tracks what shoes runners are wearing on popular trails around the world to assess whether it’s gaining share (it says it is). “We want to be the No. 1 brand for running,” Olsen says. “If we do not succeed at that, nothing else works.” But its status is still a work in progress. In July, when high-end running chain Fleet Feet released data culled from its 273 US stores, On came in third, after Hoka and Brooks, among the top-performing brands in the past year. Hoka had three of the top 10 shoe models, and Brooks had four. On had none.

Still, at a running and outdoorwear retail conference in Austin in November, On impressed crowds with its pipeline of new products, including a racing shoe for recreational runners called the Cloudboom Max, which will sell for $230 starting in August. The brand had one of the busiest booths at the show, often getting more attention than Nike, according to BTIG analyst Stichter. Both Foot Locker Inc. and Dick’s Sporting Goods Inc. recently signaled they want to stock even more of On’s merchandise. “On and Hoka have done an amazing job driving running business and really leaning into performance run and reinventing the category,” Dick’s CEO Lauren Hobart said at a Morgan Stanley conference in December. Even with Nike retooling its running offerings and repairing its relationship with retailers, she added, the Swoosh probably won’t cannibalize On’s new customers.

That kind of momentum comes with its own challenges. Last spring, On failed to handle the ballooning traffic at its biggest US warehouse, in Atlanta, slowing order fulfillment. The situation briefly spooked investors, who feared On was struggling to keep up with its own growth. The company says the problem is under control, in part thanks to an increased use of automation at the facility. “This is a normal growing pain,” Hoffmann says. “The team very quickly reacted and mitigated.”

On’s co-CEO is also pushing for a more measured growth rate. In October 2023 he told investors that On would rather slow from its roughly 50% expansion each year to a more sustainable 26% growth through 2026, and then by as little as 20%. Currently, Wall Street analysts expect On to bring in $10 billion in annual sales by 2033, a milestone that neither Lululemon Athletica Inc. nor Puma SE—despite its 77 years of experience—has ever reached.

> **“We want to be the No. 1 brand for running. If we do not succeed at that, nothing else works”**

To achieve it, On wants to ratchet up its China business, open more stores and finally become a real player in apparel, where it’s failed in the past. The company originally launched a high-priced line of running and athleisure wear in 2016, but it fizzled. It’s more recently poached apparel designers from Nike and Adidas and relaunched its clothing line—selling everything from a $2,350 parka designed in partnership with LVMH’s Loewe to lightweight $150 running shorts. It will eventually need to expand into another sport, too, and nothing is off the table, says Hoffmann—including saturated, hypercompetitive categories long controlled by Nike and Adidas, like basketball and soccer. “Many markets are actually craving for another brand to come in because they’ve been dominated by a few players for quite a long time,” he says.

Which will mean developing the next great sneaker. On a recent morning at On’s headquarters, the company was showing off its LightSpray technology. Typically, shoe uppers are stitched and glued together from dozens of components at multiple production sites. LightSpray churns out versions of a single piece, like a sock. A robotic arm held out a model of a foot with the On sole affixed, then steadily rotated it in circles as a gun sprayed material, like a spider building its web. A few minutes later, the technician removed the finished product and put it in a second machine, whose robotic limbs applied finish and colors. The finished sneaker was lightweight and surprisingly tough. It also lacked laces, forcing you to shove your foot in to get it on.

The whole thing comes off a bit more like sneaker theater than the future of sports, but Bernhard—who originally tinkered with that garden hose and old Nikes—insists it’s not. On has already sold versions of the shoe, known as the Cloudboom Strike LS, to hardcore runners for about $330 apiece. By 2027, the company says, it could start scaling up production for the masses and theoretically turn the machines into a fully automated production line located in Switzerland or the US, rather than Vietnam. “We embrace impossible,” Bernhard says. “We will always do that.” Ⓑ

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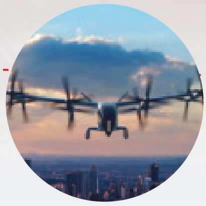
TURNING POINT

THE SMART NATION OPPORTUNITY

How do you build an entirely new mode of transportation – like “flying taxis” that could get you out of a crowded stadium in minutes – without knowing the rules that will ultimately govern it?

That was the challenge that advanced air mobility company Supernal took on. Discover five turning points in its journey of bringing the Jetsons to life.



BUILDING A REGULATORY FOUNDATION

Launched as the Urban Air Mobility Division of Hyundai Motor Group at CES 2020 and rebranded the following year, Supernal’s priority was working with lawmakers to develop regulatory frameworks for electric vertical takeoff and landing (eVTOL) technology: from infrastructural requirements and use cases to noise levels and safety standards.

ADDRESSING PUBLIC MISCONCEPTIONS

“In the early days, a lot of people thought eVTOL aircraft would be flying from rooftop to rooftop in cities like Los Angeles, which is a fantastic image,” says Diana Cooper, Supernal’s Chief Partnerships and Policy Officer. “In reality, electrification is a huge challenge for our industry. It’s not so easy to electrify rooftops. A more practical solution is to adapt ground-based infrastructure, like parking lots.”

GROWING A COMMERCIAL BASE

For many, seeing is believing. The unveiling of Supernal’s product concept at CES 2024 enabled commercial partners to experience the cabin first-hand – crucial to Supernal’s vision of launching passenger journeys by 2028.

UNIFYING GLOBAL STANDARDS

From its very first memorandum of understanding with the City of Miami in 2022 to its most recent agreements with Singapore in 2024, Supernal’s partnership-focused strategy is taking off across borders. The next step is scaling its technology through the harmonization of regulations around the world.

TAKING OFF STEADILY

As the Federal Aviation Authority finalizes its frameworks for the use of advanced air mobility aircraft, including intracity and regional transportation, disaster relief operations and air tours, some of the unknowns that confronted Supernal in 2020 are finally being answered. “It's more of a marathon than a sprint,” says Cooper.

Business is rarely a straight line.
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The Business Of Booze-Free

Dry January. California sober. Nonalcoholic spirits. Zero proof. A decade ago, none of these phrases would have made sense, but these days they're essential to an emerging industry of low-alcohol or alcohol-free beverages. Bolstered by health concerns over liquor consumption and by younger people, who are simply drinking less, business is booming.

But is this just a fad, or is it a lasting change to one of the most enduring impulses among humans—the urge to knock one back with colleagues, family and friends? We take a look at Athletic Brewing Co., which aims for nothing less than changing how we experience beer (page 58); the rise of THC-fueled beverages, which offer a different kind of intoxication (page 68); the global market for nonalcoholic drinks (page 63); what the excitement means for people in recovery, arguably the population most invested in beverages that don't contain alcohol (page 74); how upstart beverage company Ghia took over Instagram (page 72); what the new "spirits" actually taste like (page 64); and bestselling cookbook author Alison Roman's thoughts on the beverage craze (page 66). Drink up!

Photograph by Isa Zapata
Prop Styling by Christina Allen

Pour One Out For Alcohol

How Athletic Brewing helped create a whole new category of drink: Nonalcoholic beer that actually tastes…good?

By Andrew Zaleski
Photographs by Emma Rose Milligan

ATHLETIC BREWING CO.
RUN WILD
NON-ALCOHOLIC BREW
CONTAINS LESS THAN 0.5% ALCOHOL
ATHLETIC BREWING CO
ATHLETIC BREWING CO

It began, as no beer startup ever has before, with a few too many virgin piña coladas. In December 2014, Bill Shufelt was 15 months into quitting alcohol. He'd never been a problem drinker—he often woke before 6 a.m. to hit the gym, something no one who harbors a punitive relationship with booze would do. But as a day trader at Point72 Asset Management, the hedge fund founded by New York Mets owner Steve Cohen, he'd found himself drinking at least five nights a week, between business dinners and outings with work friends. "I was just thinking about what kind of husband and father and colleague I wanted to be down the line," Shufelt recalls. "And I did think alcohol was a ceiling on that."

So he stopped drinking, and he didn't particularly miss it. Except when, on a Caribbean vacation with his wife that year, he was having to order off the kids' menu when he wanted something other than water or soda. One night while the two walked to dinner, he griped that he'd be pairing his entrée with yet another virgin cocktail. "Why can't someone just fix this and make a great beer?" he asked her. She stopped him in his tracks. "You should do that," she said.

Today, Shufelt is best known as the co-founder of Athletic Brewing Co., a manufacturer of nonalcoholic beers (technically, very low-alcoholic) that are remarkably comparable to regular lagers, radlers, witbiers, India pale ales and more, despite the near-absence of flavor-enhancing ethanol. Since its founding seven years ago, Athletic has become the No. 1 nonalcoholic beer brand in the US, commanding one-fifth of all sales. In 2024, according to Nielsen data, the company sold at least $132 million worth of beer in stores—a figure that doesn't include bar, restaurant or online sales. Athletic has raised more than $220 million from private equity firms and Keurig Dr Pepper Inc., and has attracted celebrity endorsers, including retired NFL defensive end JJ Watt and supermodel Karlie Kloss. It's now valued at $800 million.

"Athletic has changed people's minds about what nonalcoholic beer can taste like. It has a mouthfeel like beer. It has an aroma like beer," says Mary Guiver, who heads beer merchandising at Whole Foods Market Inc. It's the chain's most popular beer brand, surpassing even alcoholic ones.

The nonalcoholic beer category has grown alongside Athletic, climbing nearly 415% from 2018 to 2024, to almost $700 million in retail sales at grocery and liquor stores. Competitors from Guinness to the local brewhouse are elbowing in. But having cracked the market open, Athletic isn't sitting idly by. It's building a third production facility to brew even more nonalcoholic beer.

Shufelt and co-founder John Walker tend not to talk about their goals in financial terms. Ask Shufelt about a possible sale of the company or an initial public offering, and he'll reply simply that they're "having more fun than ever." The primary aims, in their telling, are cultural. Their hope is that Athletic can ultimately change social behavior, by making nonalcoholic beer flavorful enough to end the assumption that "getting a drink" refers to alcohol. "We have an enormous opportunity to expand the tent of adult beverages," Shufelt says. "What's included, what beverages there are and when you can consume them." ▶

◀ Shufelt and Walker

◀ **A stew of hot water, barley and hops swirls around Athletic's** brewery in Milford, Connecticut. Walker, who's also the company's chief operating officer, is guiding me through the 150,000-square-foot facility, with Shufelt along for the tour. Soon I'm face to face with several gargantuan stainless steel tanks, among the brewery's 65 fermentation, brewing and storage vessels. Grain silos sit just outside. At full tilt, this site can pump out 450,000 barrels of beer every year, which works out to more than 148 million 12-ounce cans.

It's all pretty much identical to what you'd see on any other brewery tour, but something different is happening beneath the surface. To create the foundation for its beers, Athletic tweaked the standard alcoholic-beer ingredients as little as possible, making about a dozen small changes to elements such as grains, sugars, temperature and acidity. (The details, Shufelt says, are a trade secret.) Alcohol amplifies the malt and hops that flavor traditional beer, lending sweetness and fullness, but Walker says Athletic's process leaves its beers with a similar taste. Later on, Zoe Riccio, food scientist and Athletic's director of global quality assurance and compliance, tells me their beers are "as close as it can get" to alcoholic versions. "It's not altered. We're not stripping anything or making something out of nothing." In other words, Athletic's Run Wild IPA, Farmhouse Peach and Oktoberfest varieties are made with the same ingredients you might find in any other brewery. They simply have less than 0.5% alcohol, the threshold nonalcoholic beers cannot cross by law.

In the past, concocting a drink low in ethanol meant simply diluting it by adding water or else evaporating the alcohol after the fact by subjecting the brew to intense heat. During Prohibition, Anheuser-Busch produced what it called "near beer" by brewing its regular beer and boiling off the alcohol. But high temperatures and beer don't mix well: Heat can denature hop oils, cause oxidation and break down flavors, resulting in a cooked beverage with a papery taste.

As a result, NA beer had a poor reputation for much of its history. If light-beer makers had to market relentlessly to convince drinkers that an ABV, or alcohol by volume, of 4% didn't mean light taste, what chance did a 0.5% beer have? Things didn't improve much in the 1990s after Anheuser-Busch created O'Doul's, a mass-marketed and mass-distributed nonalcoholic beer that rapidly became both synonymous with the category and widely mocked, even as it drew on a more modern method, low-temperature distillation.

Newer approaches that have emerged in the past decade or so are better at lowering the alcohol content of beer without damaging the taste. Some nonalcoholic breweries use vacuum distillation, incorporating a still, similar to ones used for making whiskey, that removes alcohol at lower temperatures than before. Others rely on membrane filtration, in which reverse osmosis separates the alcohol from the brewed beverage. Best Day Brewing out of Sausalito, California, has a different filtration method, which instead applies extreme pressure to separate the alcohol, keeping the aromas, flavors, acids and proteins intact, according to Jeremy Rudolf, the company's vice president for operations. Beaglepuss, a nonalcoholic beer maker in Rhode Island, employs a controlled fermentation process that uses a special type of yeast to gobble up certain sugars. Kevin Barnes, co-founder and brewmaster, explains: "You're going to limit the alcohol that can be created by limiting the fermentable sugars that are in the beer at the start of fermentation." (When I prod Athletic later on to divulge more about its production methods, a spokesperson will say only that it doesn't employ vacuum distillation, reverse osmosis or arrested fermentation. Rather, Walker reengineered "nearly every step of the brewing process," arriving at those dozen or so small changes.)

Nonalcoholic beer brewers also place special emphasis on pasteurization, because pathogens can grow more easily in alcohol-free environments. After cans have been filled at the Milford facility, they travel down a tunnel where a water shower heats the liquid inside to around 140F (60C), killing any bacteria or yeast. This process also helps keep beers fresh at least until their expiration date. "We generally recommend people drink our products within six months of sell-by day," Shufelt says.

After the Caribbean conversation with his wife, Shufelt thought more about what it would take to make a nonalcoholic beer that could compete on taste with an alcoholic craft version and not cause double takes at the table. When he stopped drinking, it wasn't uncommon for him to go out with friends and order whatever nonalcoholic beer was available, then be asked, "Did you crash your car? What happened? Are you sick?" Shufelt would reply, "No, I just have a busy day tomorrow."

▲ Run Wild IPA cans head for filling, pasteurization and packaging

For two years he researched the business on the side, then, in January 2017, he left Point72 and posted a classified ad on a message board for professional brewers. Walker responded. "Growing up, my father would always go for a run and come back and chug an O'Doul's. So I have that memory etched in my brain," he says. "And I think I was blown away by the fact that craft brewers had done such a great job at innovating and exploring so many styles, but they missed this one key part."

The pair began experimenting with nonalcoholic batches in five-gallon Gatorade jugs. "I went from working at one of the world's biggest hedge funds to homebrewing in John's parents' garage," Shufelt says. By batch 30, they had something they thought was really good. Another 70 batches later, it was not only palatable but delicious, and the recipe eventually became the basis for Upside Dawn, a golden-ale-style beer that would go on to be an early hit. In May 2018, Athletic—the name chosen for its positivity and liveliness—opened its first brewery.

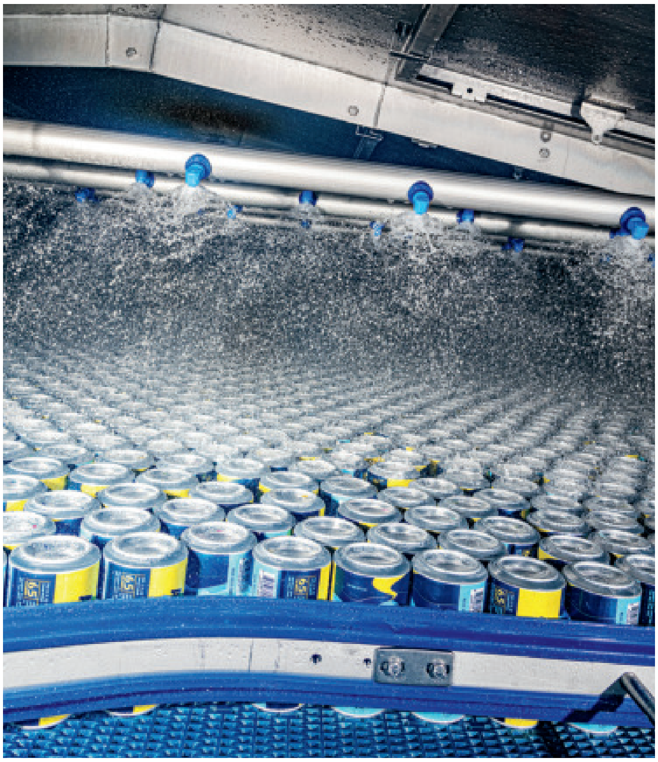
Around the time Athletic got going, Shufelt saw data revealing that while 55% of adults said they'd drink tasty, stigma-free nonalcoholic beer, that category made up only 0.3% of total beer sales. That looked like a stunning opportunity in a domestic market that's today worth $117 billion, but Shufelt and Walker were rejected dozens of times when they first pitched investors. "That probably was the right decision," Shufelt says. "It was a bad investment on paper and very capital-intensive to get off the ground."

Ultimately they secured $2.95 million from 66 investors, including friends and family. The money went toward building that first brewery in 2018, located in Stratford, a 10-minute drive from the Milford facility. (The old spot closed when Athletic moved into bigger digs.) Early on, Shufelt recalls, he'd stand inside liquor stores for hours "getting made fun of by high school kids"—or patrons he suspected were underage, anyway—and drawing so little interest he'd hand out fewer than a dozen beers. "We found that the best way to get our beer into the hands of a lot of people early on was at athletic events," he says. The company handed out beer at 75 different ones that summer, including at Ironman competitions and Spartan Race obstacle courses.

Athletic already had prominent store distribution lined up, thanks to an encounter in Brooklyn, New York, with a Whole Foods rep responsible for sourcing local products. She liked a hand-bottled sample Shufelt gave her so much that she referred him to the regional office in New Jersey. Once Athletic started canning beers in 2018, Whole Foods stores in Connecticut began carrying the brand on their shelves, followed by further commercial distribution in that state and Massachusetts. Soon some 200 bars, restaurants and stores were selling Athletic beers, on top of online sales. With that, real growth began—for both the brand and the category as a whole.

The nonalcoholic share of the American beer market has risen nearly fivefold since 2018, passing 1% to become the fastest-growing sector. It's done well even in periods when alcoholic beer sales have flagged. Analysts with Keychain, a platform that connects brands with manufacturing partners, found that from the second quarter of 2023 through the same quarter of 2024, nonalcoholic beer sales rose more than 35% while alcoholic ones dipped 5%.

The increase is attributable in large part to Athletic, says Mark Ruf, founder and owner of NA Beer Club, a subscription service for nonalcoholic beers. He created the service in 2021, a few years after his dad was diagnosed with a heart condition and told to stop drinking beer. Ruf went looking for nonalcoholic versions but found the options limited to maybe 10 brands. Now, there are more nonalcoholic-only outfits and more offerings from craft brewers and big names such as Budweiser and Guinness. Athletic, though, was "the first nonalcoholic beer to invest as much money as they did into branding and marketing," Ruf says. The company "really changed a lot of people's minds that nonalcoholic beer isn't this gross thing that's a dusty bottle sitting on the back of the shelf."



▲ Inside the pasteurization tunnel

Athletic also benefited from fortunate timing. It started to hit its stride as people were emerging from the Covid-19 pandemic, when, according to Centers for Disease Control and Prevention data, alcohol use leveled off as everyone pulled back from lockdown panic or boredom drinking. "People wanted to temper things to get healthy," says Guiver, of Whole Foods. "And Athletic was right there to meet their needs."

Americans have also recently been encountering evidence linking alcohol use to more than being a loud jackass by last call. This past September, the American Association for Cancer Research reported that alcohol use is linked to breast, colorectal and other types of cancers. It's also been found to cause cell damage, higher blood pressure and coronary artery disease, to say nothing of what it does to the liver. Such findings have led some researchers to point out that, despite trend stories over the years touting the benefits of, say, a glass of wine with dinner, no amount is truly safe. In January, outgoing US Surgeon General Vivek Murthy called for an updated warning label on booze that would include cancer risk.

Then there's the waistline. "Full-strength alcoholic beer tends to be very calorie-dense," Shufelt says. "When you take out the ethanol, the general rule of thumb is that nonalcoholic beers are a third to a quarter of the calories of the equivalent alcohol style."

Demographic trends, too, are working in Athletic's favor, with nondrinking skewing young. Research company IWSR found that almost two-thirds of Americans age 21-26 didn't ▶

◀ drink alcohol in the six months prior to May 2024. "I've talked to many people who, once they started drinking nonalcoholic beer, don't even like the taste of beer with alcohol anymore," says Barnes, of Beaglepuss.

Despite the recent tilt toward abstemiousness, traditional can-get-you-blasted beer isn't going away. Athletic's own data indicates that four-fifths of its customers still drink alcohol. At Whole Foods, shoppers are just adding nonalcoholic beer to their other beverage purchases. "We definitely position ourselves as spacer, replacer or pacer, so people can think about all the different ways and occasions that our beer could make sense for them," says Rosalie Kennedy, Athletic's director of marketing.

JW Sargent, a 36-year-old who works for a big tech company in New York, is living that sales pitch. "I first discovered them when I was trying to drink less and would switch between regular beers and Athletics to hedge the hangover," he says. When he made the decision to give up booze, Athletic went from spacer/pacer to replacer. "Now that I'm not drinking, they're good to feel like you're still having a night out."

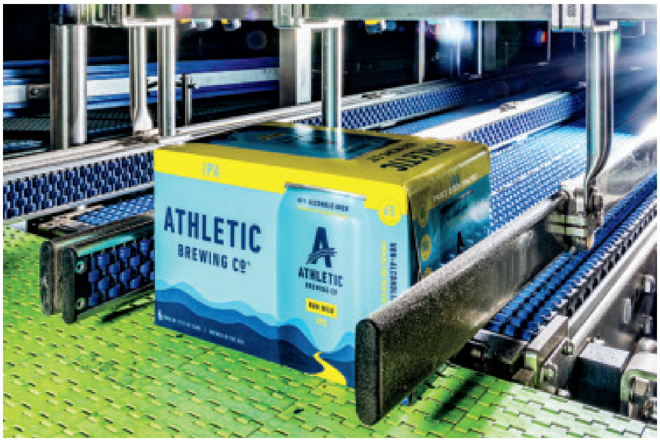
The replacer segment offers Athletic the greatest opportunity for growth, but if it wants to appeal to as many people as possible—and, perhaps, bring the company's valuation to the billion-dollar mark—it has to attract people who might just as well choose a LaCroix with dinner, too. "The challenge ahead for Athletic Brewing," James Richardson, a strategic planning consultant, wrote in a January 2024 article for the Food Institute, "is to make its remarkably tasty line a high-status, modern, and cold *refreshment* that dislodges *sparkling water* from a few more occasions per week or month."

The easy analogy is to alt-meat. Plant-based meat substitutes rode a lot of buzz into the pandemic, only to falter once the novelty of chowing down on an Impossible Whopper wore off. Shufelt is well aware of this history, but he also thinks the comparison is imperfect. "Plant-based meat is probably a multidecade megatrend for any number of reasons. But it's a pure substitute in the same occasion, one for one," he says. "Most of our consumers still drink alcohol, but now they're drinking beer on all these new occasions, because it fits into their lifestyle better."

Shufelt and Walker invoke the term "white space" to refer to the hours in a day when people don't or can't consume alcohol. What about an Athletic during a work lunch? Or for the dad who's driven the family to dinner at a local chain restaurant?

To some extent, this market gap brings the question of Athletic's potential right back to its original value proposition: taste. And while it's one thing to improve on the famously watery O'Doul's, it's quite another to one-up a zesty Spindrift. But industry hopefuls also come back to perhaps the primary reason people drink beer: because it's a ritual. "It's like a landmark," says Best Day's Rudolf. "Why do people smoke cigars at weddings? It marks something. Beer is the same kind of way."

John Arthur, an anthropology professor at the University of South Florida and the author of *Beer: A Global Journey Through the Past and Present*, points out that Indigenous cultures that brew their own beer view it in this vein, too, treating it also as a source of nutrients. "Beer is a food. You drink together. You drink communally, and there are rules about drinking too much," he says.


▲ Packaged beer, ready for consumption

In the West, beer will no doubt remain the elixir of college keggers and Sunday football at Buffalo Wild Wings. But for every event where the buzz is key, Athletic's argument is that there are others—a weekday meal with friends, a hockey game with the kids—where people will drink beer for reasons other than getting blitzed.

As we conclude our tour, we head to Walker's office for a small taste test. Chris Furnari, Athletic's senior communications manager, brings out four cold beers and some glasses. Most of the samples taste more or less like their alcoholic counterparts, though Athletic isn't allowed to use words like "ale" and "lager," terms a federal government agency strictly defines as having an ABV above 0.5%. (Funnily enough, while "India pale ale" falls under the same rules, Athletic can still use the acronym "IPA" on cans of Run Wild.) The Wit's Peak, Athletic's take on a Belgian white, reminds me of Allagash White. Ripe Pursuit, its lemon radler, recalls Leinenkugel's Summer Shandy. Atlética, its Mexican-style copper, brings to mind a Modelo.

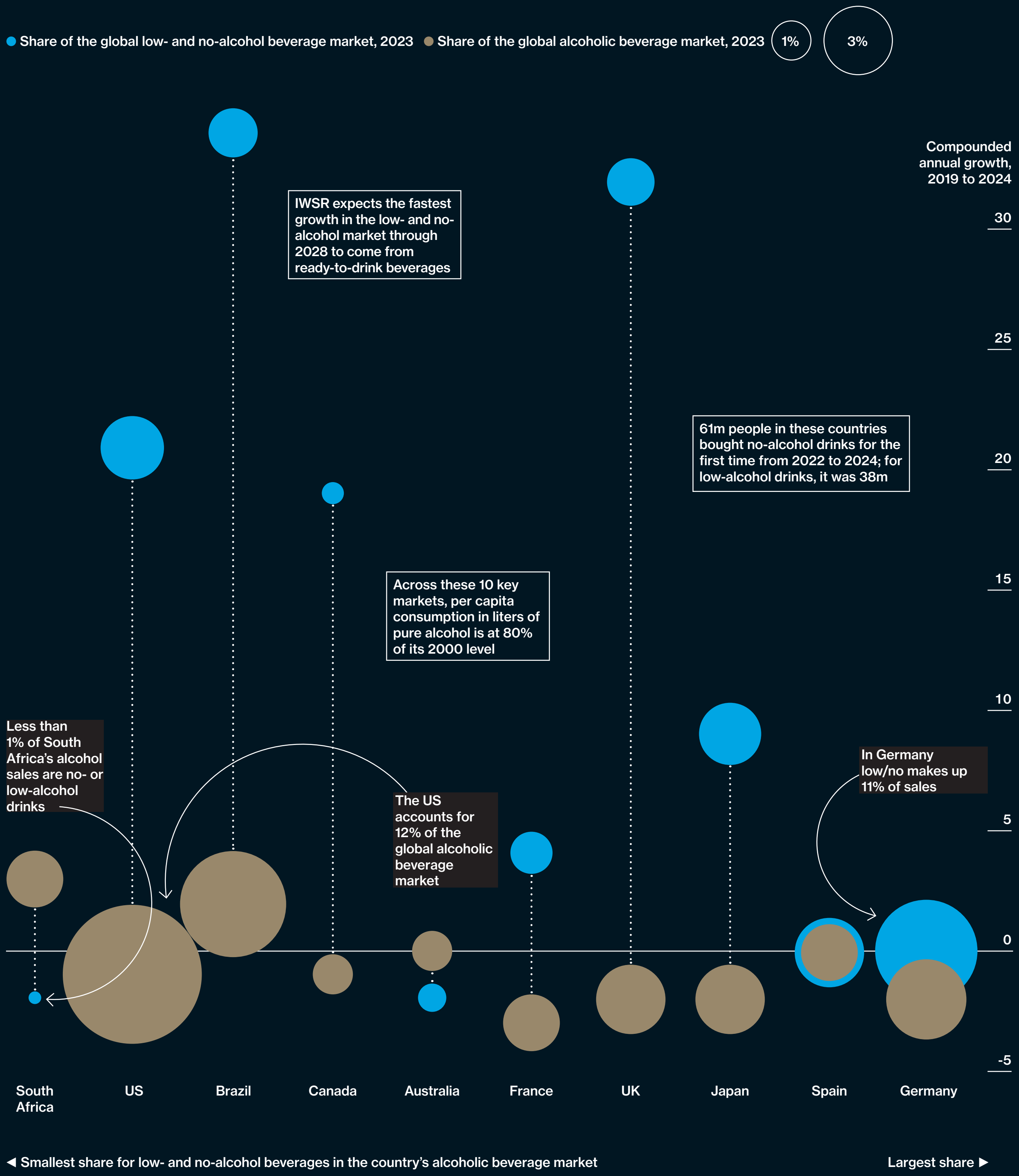
The fourth, though, the original Upside Dawn, I can't quite pin down. Of the bunch, I find it to be the most delicious. But it doesn't taste quite like beer to me. "Ethanol has a mouthfeel and a coating and aromas and essences that it carries with it," Walker says. "To some extent, it takes some practice to become familiar with a different profile—and how to expect something else." In other words, I'm too accustomed to alcoholic beers to fully appreciate the different texture.

Athletic says it can bridge this expectation gap—and the wider gulf beyond. When I ask Shufelt how much bigger the market for nonalcoholic beer might get, he guesses at least 10 times its current size, if not more. That would put the overall market share in the teens or beyond.

Would it also mean that, at some point, a nonalcoholic beer could be just as compelling an order as an alcoholic version? "Absolutely," Shufelt says. Walker tells it to him all the time: He's drinking more beer than ever. He's just drinking less alcohol. Ⓑ

NA's Global Breakout

Nonalcoholic drinks aren't just an American preoccupation—they've taken off globally, outpacing sales growth for their boozy counterparts. Numbers from data provider IWSR show that Brazil and the UK have seen particularly swift rises in nonalcoholic (0%-0.5% alcohol by volume) and low-alcoholic (0.5%-3.5% ABV) drink consumption over the past half-decade, while Germany's market is large but relatively established. —*Dorothy Gambrell*



IWSR expects the fastest growth in the low- and no-alcohol market through 2028 to come from ready-to-drink beverages

61m people in these countries bought no-alcohol drinks for the first time from 2022 to 2024; for low-alcohol drinks, it was 38m

Across these 10 key markets, per capita consumption in liters of pure alcohol is at 80% of its 2000 level

Less than 1% of South Africa's alcohol sales are no- or low-alcohol drinks

The US accounts for 12% of the global alcoholic beverage market

In Germany low/no makes up 11% of sales

■ DATA: IWSR. 2024 NUMBERS ARE A FORECAST

The Best Without The Buzz

By Chris Gayomali
Photograph by Isa Zapata

For years, the knock on nonalcoholic beverages was that they were boring, disappointing simulacra of the real deal. Who in their right mind would want to sip fake vodka? But over the past decade, the nonalcoholic space—specifically, drinks designed to be consumed with intention and care—has quietly transformed into an unlikely sandbox for zany experimentation, one in which zero-proof makers are redefining what a spirit can be. Small surprise the $13 billion global market for non- or low-alcoholic beers, wines and spirits is expected to compound by about 7% annually at least through 2028.

To understand this shift, *Bloomberg Businessweek* stopped in at Minus Moonshine, the first nonalcoholic wine and spirits shop in Brooklyn, New York, to solicit a few cutting-edge recommendations from Aqxyl Storms, the store's proprietor and a panel judge for the LA Spirits Awards. Here are a few favorites, ranked.

⑦ Nkd $35

Crafted by a woman-owned distillery in Kentucky formerly known as Nkd Ldy—"They've updated their branding to be more inclusive," Storms says—this succeeds where other whiskey replacements fall short. It hits three key beats in succession: The nose is soft and sweet, with hints of apple, before it opens up on the palate with caramel and a peppery kick on the backend.

TASTES MOST LIKE
Whiskey.

HOW TO DRINK
Think highballs.

VIBE CHECK
Ideal for situations that call for soft lighting and hi-fi speakers playing Brian Eno.

⑥ Blue Cliff Jalapeño Tequila $45

Most tequila substitutes taste like pool water, bland and overtly chemical, but this was spectacular, mostly because it goes full send on the backend with an ultra-spicy kick.

TASTES MOST LIKE
Tequila.

HOW TO DRINK
Perfect for spinning up a few margs.

VIBE CHECK
Prepare to "Live Más"—but be warned: This is not for the faint of heart. Or tummy.

⑤ Three Spirit Social $40

Very fun. Deeply bitter, thanks to its cacao, but with little funky notes of sweet dark apple. It's loaded with lion's mane and caffeinated yerba maté: a midday pick-me-up. Think the functionality of coffee but in the form of a Jäger bomb.

TASTES MOST LIKE
A strong digestif.

HOW TO DRINK
Over ice or with a splash of ginger ale.

VIBE CHECK
Love? It also contains damiana, a shrub native to Mexico, which, Storms says, "is low-key an aphrodisiac."

Nkd
DISTILLERY
WHISKEY
SPIRIT ALTERNATIVE
750ML · NON ALCOHOLIC
BLUE CLIFF
PREMIUM NON-ALCOHOL
JALAPEÑO TEQUILA
750mL (25.4 fl oz)
THREE SPIRIT
Social
Floaty. Herbal. Bliss
Functional Spirit Alternative

■ PROP STYLIST: CHRISTINA ALLEN

④ Aplós Arise $48

Unlike most of the other NA spirits on this list, this punchy blend of citrus and herbal botanicals is designed to party. Spiked with adaptogens, ginseng and B vitamins, Arise gives you an ideal energy for socializing.

TASTES MOST LIKE
A very light fizzy cocktail.

HOW TO DRINK
On the rocks.

VIBE CHECK
The headspace shift is real, too. One or two will have you humming at cruising altitude, ready to mingle.

③ The Pathfinder $40

Delicious and hefty—and one of the most popular NA spirits anywhere—the Pathfinder packs a wallop. The hemp-based potion has a long list of witchy ingredients including wormwood, angelic root, ginger, sage, juniper, saffron and Douglas fir. (It doesn't actually contain psychoactive ingredients.)

TASTES MOST LIKE
To the unsophisticated palate, it might taste a bit like flat Coke concentrate, but in a good way.

HOW TO DRINK
"You can use it in place of a vermouth, but you can also make it a nice spritz," Storms says. "Kind of use it as a Campari in all situations."

VIBE CHECK
Mad Men but less toxic.

② Villbrygg Fjell 01 $32

Fjell 01 exists within a narrow spectrum of emerging wine replacements that are more radical than anything coming out of the wine world. This one is single-sourced from a small farm in Norway and made with lingonberry juice, birch leaves, lemongrass and rosemary.

TASTES MOST LIKE
Endlessly drinkable, like a great red, with a snappy bite of bitter that smacks you on the nose.

HOW TO DRINK
Chilled.

VIBE CHECK
An outstanding bottle to bring to a dinner party.

① Pomelo Asada $34

The problem with a lot of mezcal-adjacent NA beverages is that they're blandly one-dimensional: too acidic. You might as well be licking a battery. But this superlative, shape-shifting botanical borrows from a familiar combination of Mexican flavors—torched jalapeños and chiles, cumin, bitter grapefruit—to create a complex, new-age aperitivo that's both airy and smoky, and "really delicate and light and beautiful the way it is," Storms says. Consider the Pomelo a palate-expanding swirl of contradictions. Even more mystifying? It's farm-to-bottled in Antwerp, Belgium.

TASTES MOST LIKE
Mezcal—except better.

HOW TO DRINK
Ice cold.

VIBE CHECK
Welcome to the future.

APLÓS
ARISE
THE PATHFINDER
HEMP and ROOT
IMMEDIATE RELIEF for MALAISE AND ENNUI, COLD FEET AND HOT TEMPERS, WEAK KNEES AND LOW SPIRITS.
PATENTED-DISTILLED NON-ALCOHOLIC SPIRIT
villbrygg
FJELL 01
perlende ville tyttebær
POMELO
ASADA
BÖTAN

Sorry, That’s Not a Martini

Finding replacements—for drinks or ingredients—is harder than it looks

By Alison Roman
Photograph by Ryan Duffin

This past December, as I've done for six years, I hosted my annual Ham Party. I did the usual: fennel-rubbed ham (32 pounds total), trout-roe-topped jammy eggs and boiled potatoes, shrimp cocktail, anchovies and peppers on toothpicks, and at least two packets' worth of Lipton's sour cream and onion dip. The beverages, however, didn't receive my regular attention. I provided bottles of every type of hard alcohol but didn't prebatch jars of 50-50 martinis. I bought bubbles but opted for sparkling white (on sale) instead of Champagne. There were bottles of frozen vodka but no ice luge for performative shots. I'm still an enthusiastic host, but I'm also eight months pregnant. I'm not drinking like I used to.

With so many people exploring alcohol alternatives these days, I've gotten a lot of recommendations from friends and readers (and social media algorithms) for nonalcoholic approximations of…pretty much everything. Negronis. Pilsners. Wine. Amari. It's all very considerate, and I genuinely love being included, but it's not for me. I am still drinking wine on occasion, and maybe that's the point—if I feel like drinking wine, I'm choosing to drink that, not a replacement. In the past, I've advised people who seek the thrill of an anchovy but don't eat fish, or who insist on making squash soup even though they're allergic to squash, that sometimes there's no placeholder for the real thing. You're better off making, eating or drinking something else entirely. I don't feel the need to approximate the taste of alcohol if I'm not drinking; a glass of seltzer on ice is pretty much a perfect beverage, tough to improve on. I'd also be remiss not to give a huge round of applause to my all-time favorite party trick, which I've been employing for years: soda water with a healthy dose of Peychaud's bitters.

There are, of course, nonalcoholic drinks meant to approximate the alcohol experience that are genuinely good, regardless of their lack of intoxicating power. I find the beers from Athletic Brewing Co. especially delicious, mostly because I think a lot of craft beer tastes "too strong." If you're into bitter flavors, the St. Agrestis Phony Negroni is pretty good (but must be served over lots of ice and with a juicy wedge of citrus). It's not marketed as such, but I'm extremely partial to a splash of "fun" vinegar (Tart makes my favorites) in a glass of seltzer on ice for a white wine spritz stand-in.

But at the end of the day, none of those options, no matter how refreshing, bitter, tart or delicious they may be, are alcohol. I drink them, and I feel the same as if I hadn't—a crucial detail. I recently went to a restaurant and posted a photo of others' martinis, saying in the caption that I missed them. I got a flood of responses suggesting that seltzer combined with pickle juice, or olive brine diluted with cold water served in a martini glass, or X brand of NA spirits combined with X mixer, makes for a great substitute. They were well intentioned. But I have to say, respectfully: That's not what a martini is made of. Believe it or not, I don't drink martinis for the refreshing taste of salinated, ice-cold grain alcohol. I drink them because I like the fuzzy, dreamy way they make me feel. The desire for the real thing is precisely why cow's milk is making a comeback. (Cheese made with nut milk? Please don't insult me.)

My enthusiasm for drinking will no doubt ebb and flow as time goes on. Lately, I'm too busy being in bed by 8:15 p.m., excitedly rewatching entire seasons of *Sex and the City*, to remember how much I used to enjoy a perfectly stuffed single olive skewered with a twist and floating in a glass of icy-cold vodka. But if I did decide to swap in a glass of ice water mixed with olive brine, it would only serve to remind me of what I'm missing. It's too soon to say what I'll be pouring at this coming year's Ham Party, but I know it will get someone drunk—even if that someone isn't me.

Three NA Drinks (That Are Just Nice Things to Drink)

You don't need to pay extra to be refreshed. Try ❶ Coca-Cola over pebble ice, ❷ pomegranate juice mixed with seltzer by the liter and, lately, for me, ❸ orange juice chugged from the fridge like a high school athlete.

❶

❷

❸

Cannabis Enters The Spirit World

Hundreds of beverage startups are selling THC-infused drinks, but legal troubles still haunt them

By Redd Brown
Photograph by Isa Zapata

Moe's Original BBQ sits on a trapezoidal plot on Dauphin Street, in a historic district of Mobile, Alabama. The road is lined with decaying mansions and ancient, moss-covered oaks. It's not the type of place you'd expect to be pushing the envelope of legal cannabis in America, especially because in Alabama, possession of nonmedicinal "marihuana" is a Class A misdemeanor, punishable by as much as one year in jail or a $6,000 fine. But outside, just under the neon sign, hangs a banner proclaiming that Moe's is "Now Featuring Pamos Cannabis Cocktail & Spirits."

Inside, Pamos is everywhere. The logo appears on the coasters, the napkins, the paper menus detailing cannabis-cocktail options and the walls, where its posters crowd out ones from liquor brands the restaurant has been selling for far longer than a few weeks. It's all to the delight of Pamos Beverage Co. co-founders Nishant Machado and David Mukpo, here with the company's president, Jared Dougherty, to meet with the owner of Moe's and to see how their product is faring. The signage alone is proof that their plan to embed themselves in the world of alcohol is beginning to work.

"That's what I love when I walk into a place like this—they're not trying to hide this," Mukpo says, holding up a Pamos-branded paper coaster. "This isn't something that's like 'off-menu.' This is normalized in their space." He dips a black cocktail straw into a Pamos margarita the waitress just dropped off at the table. "It's also a well-made drink!" he declares, grinning.

It's rare for a completely new kind of beverage to hit the market. But changes to drug regulation at the federal level, combined with the American public's intense interest in accessible marijuana products, have created a land rush around weed drinks. There are now hundreds of brands selling THC-infused nonalcoholic beverages, including Cann, Buddi and Hi Seltzer. Already you can legally order these drinks online across the US and have them arrive at your doorstep in at least 41 states. (Hemp is federally legal, so unless there's a state law banning the growth of hemp in that particular jurisdiction, you can produce it there, too.) You can also buy them in bars, restaurants and stores in at least 24 states, according to Michelle Bodian, a partner with law firm Vicente, which specializes in cannabis work. Pamos is now sold in about 3,000 locations, compared with fewer than 100 in 2023—and the company says it expects 2024 sales of $20 million to $30 million, up from essentially nothing in 2023. Cann, its larger peer, expects to double its sales in 2025, says co-founder and Chief Executive Officer Jake Bullock.

This adds up to an industry that could be worth $8.7 billion by 2032, up from just $400 million in 2022, according to market-research firm Fact.MR. Numbers like that have the brands imagining a not-far-off day when you can pick up a cannabis drink alongside a gallon of milk at a grocery store anywhere in the country.

"The fascinating thing to me is, this is for 21- to 80-year-olds," says Justin Crouch, vice president of Southern Crown Partners, a beverage distributor operating in Georgia and South Carolina that sells brands such as Pamos, Nowadays and High Rise Beverages. "It's not often you see a category that there's so many different reasons to participate," he says—meaning a THC drink can put you to sleep or give you energy to socialize, depending, as they say, on set and setting.

So what, exactly, is a "cannabis spirit"? Pamos' cocktail mixer is a noncarbonated, cloudy liquid that looks like what you might get if you mixed lime, lemon and grapefruit juice together, but it smells sweet like bubble gum. It comes in a 750-milliliter bottle, comparable to regular spirit or wine containers, and each serving is 1.5 ounces, mimicking a shot of liquor.

Its taste is difficult to describe. Not exactly juice, though there is a sweetness, but it has a hint of pepper, too. It's inoffensive and, if not delicious, easy to drink. Pamos is unique in that it's meant as a cocktail mixer; other hemp drinks tend to be more like seltzers, such as Cann's carbonated offerings, which the company calls a "social tonic." (Pamos also offers a premixed cocktail in a can.) Most important, though, is that Pamos, like Cann, contains both tetrahydrocannabinol—THC, the molecule in weed that gets you high—and cannabidiol, or CBD, which promises relaxation but not intoxication. Pamos, Cann and other makers offer entry-level products that have as little as 1 milligram of THC but ramp up to 10mg. The average American joint of a mild cannabis strain, for comparison, contains 32mg of THC, though only a third is usually inhaled.

Drinking also offers a more subtle high, according to the companies, because of the way in which the THC is infused in beverages. THC from hemp comes as an oil, which, as we all know, doesn't mix with water. To infuse drinks with THC, the compound goes through a process called "nano-emulsification," says Mukpo. "It's taking that oil and breaking the particle size down, so that it mixes fully with liquid. A byproduct of that is it changes the bioavailability, so it goes through your system much quicker." As a result, the body absorbs the drug particles faster than it does edible products such as gummies, meaning the high kicks in quicker and ends sooner. "It also creates a different effect," he says. "You're not going to get that same heaviness that you get from a traditional edible."

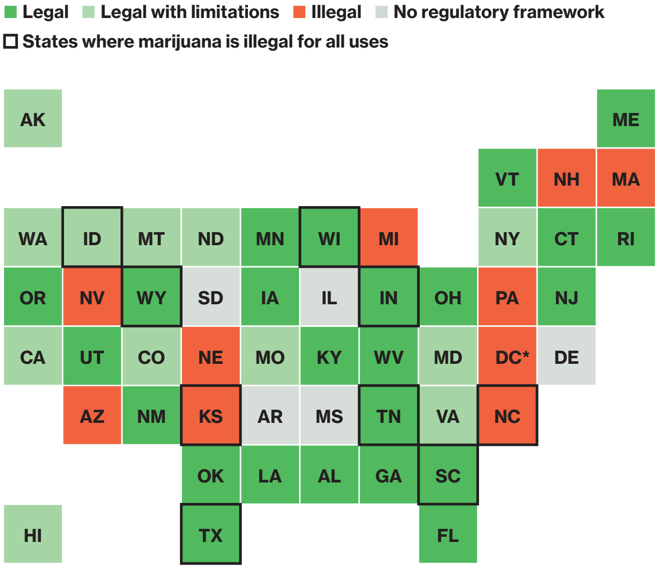
But it wasn't technology that made these drinks possible—it was a federal loophole. The 2018 Farm Bill, known more formally as the Agriculture Improvement Act of 2018, made a crucial distinction: It separated hemp (defined as any plant or extract that contains 0.3% THC or less by dry weight) from cannabis (a marijuana plant with THC levels above that threshold). Scientifically this didn't make much sense, as both hemp and cannabis are harvested from the same plant, but legally the bill had the effect of removing hemp from the Drug Enforcement Administration's list of most dangerous intoxicants alongside LSD and heroin. People quickly figured out that intoxicating products made with hemp were now technically federally legal and far less regulated than cannabis, and drink companies including Cann, founded in 2018, and Pamos, founded in 2021, emerged to experiment with both weed categories.

Another breakthrough moment came a few years later in Minnesota. The state recognized that THC-powered hemp drinks were being sold, and instead of banning them, it ▶

■ PROP STYLIST: CHRISTINA ALLEN

The Confusing Legal Landscape

State legality of intoxicating hemp beverages



■ *HEMP IS CONSIDERED MARIJUANA IN WASHINGTON, WHERE SMALL AMOUNTS WERE DECRIMINALIZED FOR ADULTS IN 2015. DATA AS OF DECEMBER 2024. DATA: VICENTE

◀ regulated them. In 2022 the legislature added rules around labeling, licensing and dosing and mandated that a customer had to be 21 or older to purchase THC-infused drinks. The market in the state swiftly grew and spread: *Politico* reported last summer that Minnesota had more than 4,000 locally licensed retailers doing almost $200 million in annual hemp drink sales.

This retail promise is built on generational change in attitudes toward booze consumption. It comes down to the growing scientific consensus that alcohol is bad for you, while cannabis's image has changed—it's been effectively rebranded as medicine by the wellness community. These trends help explain the popularity of voluntary periods of sobriety, including Dry January and Sober October, as well as the rise of nonalcoholic beers, fancy alcohol-free fizzy concoctions and booming seltzer sales.

The shift is most pronounced among younger people. According to the 2023 edition of the Substance Abuse and Mental Health Services Administration survey, 49.6% of Americans age 18 to 25 imbibed alcohol in the previous month, down from 61.4% in 2003. From that same survey, only 14.5% of young people saw serious risks involved with smoking weed once or twice a week, while 39.1% saw issues with having five or more drinks.

But the industry's forward march is not assured; intoxicating hemp lives in a legal gray zone. As states try to create a path for legal businesses and the tax revenue they could provide, legislators have had to deal with the confusion around what, exactly, constitutes an acceptable amount of THC. In gas stations and vape shops, THC-infused hemp products with no uniform manufacturing standards and wildly varying abilities to intoxicate consumers are readily found.

There are signs that these widely available THC products can have negative effects: America's Poison Centers, the national clearinghouse, recorded 3,372 exposures—encounters bad enough to make someone call a poison center—to THC and minor cannabinoids derived from a hemp product last year through November, up from 129 in 2022. California Governor Gavin Newsom used his executive powers to issue an emergency order prohibiting all intoxicating hemp products from being sold in the state. (Pamos continues to ship its goods there, as the ban doesn't cover hemp products sold online.)

Texas lawmakers are discussing similar actions. In December, Texas Lieutenant Governor Dan Patrick published a letter laying out his intent to ban consumable THC. "Since 2023, thousands of stores selling hazardous THC products have popped up in communities across the state," including beverages "that have three or four times the THC content which might be found in marijuana purchased from a drug dealer," wrote Patrick, who's planning on bringing forward a bill in 2025 to ban all consumable THC in the state. Alcohol in the US has had centuries of fluctuating regulation to finally reach a stable place. Cannabis is just beginning its journey.

Pamos is Mukpo's second attempt at a weed business. The first taught him hard lessons: He threw "a stick of dynamite" into his life in 2018, leaving his newly purchased house in New York City and job managing the global distribution network for a toy company to move to California to serve as chief operating officer at a cannabis delivery startup. While that venture ultimately didn't take off, it showed him why some cannabis brands gained traction over others; he came to view the world of cannabis dispensaries as too regulated and too full of niche products. That experience led Mukpo to conclude that beverages were the future of the industry. "The most ubiquitous thing in the world is a glass in your hand," he says.

He was able to get Machado, whom he met in 2020 through a mutual friend, to warm up to the business opportunity of weed beverages in 2021. After a successful career in finance, Machado took the windfall he made selling his timeshare business to open a family office through which he funded Pamos. Dougherty, looking for a new challenge after his former employer—PLBY Group—went public, officially joined Pamos after advising the company for about a year.

Pamos was originally formulated as a cannabis-based, not hemp-based, product, with the team aiming to sell in regulated California dispensaries. But the drinks were too mild for dispensary shoppers who tend to look for something stronger, such as bags of gummies that can contain 100mg of THC. By 2023 the three founders heard stories about how hemp-based THC drinks were being sold in bars and restaurants á la the Minnesota regulatory miracle. And so Pamos focused on integrating itself into the existing alcohol supply chain. As a hemp drink, it can cross state lines, which is illegal for cannabis products.

In many ways, Mukpo is the brains of the operation. He's immersed himself in the world of hemp, and he breathlessly answers every question about Pamos and the industry in paragraph form. After a particularly long and detailed explanation of cannabinoid emulsion processes, his colleagues groan. "My partners get frustrated with me because I get too nerdy with this stuff," he says, ignoring the basket of Moe's smoked brisket in front of him.

The day after Mobile, the Pamos team makes its way to Dallas to meet with arguably its most important customer. Spec's Wine, Spirits & Finer Foods, which has 218 stores in Texas, is the second-largest liquor chain in the country, according to Spec's statewide director of the wholesale department, Steve Jabour. That massive footprint gives John Rydman, the president and owner, a lot of influence in the booze business.

Rydman (around Spec's, he's "Mr. Rydman") stands underneath a giant display of THC beverages constructed of four-pack cases stacked more than 6 feet high in his 50,000-square-foot shrine to alcohol. He's clutching Archie, a 6-year-old black-and-white Maltese and Chinese Chin mix. The Spec's logo—a crazed-looking rabbit with glasses—adorns the chest of his green-collared shirt. His alligator loafers look recently shined.

▲ Pamos' Dougherty, Machado and Mukpo

■ PHOTOGRAPH BY TRACY NGUYEN FOR BLOOMBERG BUSINESSWEEK

"I'm not a marijuana person per se," Rydman says. He evidently sees promise in this category of drinks, though: Spec's now carries seven brands, whose companies had to pass a rigorous screening process—on their backgrounds, their business plans, their ability to scale production and their access to funding—to show they can meet the demands of selling on a larger stage. "These things," he says, lifting his chin toward the mountain of THC drinks, since his hands are occupied with Archie, "they're clean, they're professional. They can play against beer and seltzer and cocktails and whatever and give the consumer choices of things to drink around the pool." Spec's estimates its annualized THC beverage sales will surpass the total gin category this year, according to Jabour. "It's the fastest-growing sector we've ever seen," he says. Now, the only question is whether the drinks will remain legal in the state.

The landscape for THC-infused hemp drinks across America is a mess, at best. In New York, I can walk into my local bodega—a category of store not known for zealous adherence to legal standards—and buy THC drinks from three different brands with higher dosages than allowed by state guidelines. Pamos isn't there, nor does it want to be anywhere that's in a legal gray zone. That would be contrary to its whole ethos. It wants rules, like in Minnesota. "At the end of the day, we don't want there to be any ambiguity to this," Mukpo says.

The THC beverage industry is worried about more than just state-level bans. In May, Illinois Republican Representative Mary Miller put forth an amendment to the coming Farm Bill establishing that hemp products can "only include…non-intoxicating cannabinoids"—i.e., no more THC, no more Pamos, at least in its current form. The measure became part of a draft bill a month later. According to Cann's Bullock, who says he's spending roughly half his time lobbying against these changes, it would be enough to put a freeze on the fast-growing market should it come to pass. While cannabis is currently under review to finally be removed from the list of most policed illegal drugs, hemp's future is murkier. It's a small, unsexy piece of a much larger bill that won't be high on the new administration's to-do list, says Dawson Hobbs, executive vice president for government affairs with Wine & Spirits Wholesalers of America Inc., a lobbying group for alcohol distributors.

Hemp, however, isn't going down without a fight. Farmers, processors, distributors and retailers all have skin in the game now; they'll all take a hit if the Farm Bill goes against them or if more states ban the category.

Bringing all those voices under one roof is the Coalition for Adult Beverage Alternatives, one of several new industry groups that have popped up to keep the market for hemp drinks open. Pamos and Cann are founding partners, alongside Spec's and ABC Fine Wine & Spirits, a major liquor chain in Florida. Their message is clear: Regulate now. "No one wants these products in the hands of kids," says Diana Eberlein, chair of CABA. They advocate a cap of 10mg of THC per serving, restricting sales and marketing to consumers age 21 or older, as well as testing certifications and better labeling guidance. Alcohol distributors and retailers—some of whom are profiting from hemp drink sales—have also been working on behalf of hemp.

In the meantime, Pamos still has a product to sell. At Sevy's Grill, in the affluent Preston Hollow neighborhood of Dallas, the Pamos team sits around a circular table draped in a black tablecloth, shoving straws in each other's glasses, trying the Pamos-fueled drinks from the cocktail menu. Halfway through the meal, the owner of the restaurant appears, apologizing for his attire. Around 6 feet tall and wearing jeans and a black chef's coat, his white hair slicked back, Jim "Sevy" Severson is more casual than usual, he explains. He just arrived from his doctor's office, where he was thrilled to find out that he'd shed 20 pounds in six months. He attributes the change to Pamos. For years he finished each long kitchen shift with a drink at the bar, but now his nightcap involves a generous "Sevy pour" of a hemp cocktail, he says, mimicking upending a liquor bottle.

"I can't tell you how much it means to me to hear that," Mukpo says, looking up at Sevy. "We hope this is the start of a long, long partnership."

Sevy smiles approvingly. "It's a plant, after all," he crows. "God made plants!" Ⓑ

The Drink That Instagram Built

Ghia didn’t intend to launch online first, but doing so has propelled it to success

By Lily Meier
Photograph by Molly Matalon

Masarin

If you don't know what Ghia is, you may not be as cool as you think you are. This past holiday season, the nonalcoholic apéritif seemed to be everywhere. In-the-know shopping and retail newsletters such as *Gloria* and *Good Thinking* suggested it to their readers. *New York* magazine and *Bon Appétit* recommended Ghia products, too. *GQ* called one of its sets a "reflection of good taste all round," while the *New York Times*' Wirecutter ranked it "one of the more complex, balanced apéritifs."

"It's a drink for the Instagram girlies—but it's not, like, a Stanley Cup girl," says brand strategist Chris Danton, distinguishing between chic influencers and more basic ones. The co-founder of the branding agency In Good Co., which publishes *Good Thinking*, says Ghia has "a much more design-forward, foodie, appreciates-a-good-cocktail, darker, kind of moodier" vibe.

Amid increasing competition within the nonalcoholic market, Los Angeles-based Ghia has been able to stand out by creating a product that's viewed as not only unique but also simply hip. Ghia sells nonalcoholic apéritifs, which range from its original bitter flavor to canned "lime and salt" and ginger drinks, some carbonated, some not. That the brand plays so well online was aided by circumstance. Ghia founder Mélanie Masarin introduced Ghia in 2020, when the pandemic forced all promotion onto Instagram. This helped the company cultivate an aesthetic that went beyond its drink. "We were pretty limited in terms of how we could market it at the beginning," Masarin says. Infiltrating restaurants was out of the question, as were tastings at wine shops and grocery stores. "Thankfully, people were glued to their phones," she says.

That social media savvy is translating into a growing business: The company says its most recent fundraising round in 2024 valued it at about $50 million. The brand has caught the attention of industry giants, with the investment arm of Pernod Ricard SA, owner of Absolut vodka and Beefeater London dry gin, taking an undisclosed stake.

Masarin got the idea for Ghia after she stopped drinking in 2018 during a busy spell at work. Every time she went out, people would bombard her with questions about her choice to abstain. "A lot of the alternatives to alcohol that existed at the time were really mocktail-specific," she says. "They were very sweet. They always felt like they either were a lesser version of an alcohol or they were not suitable for an adult to be having adult fun."

Masarin, 33, set out to make something like an amaro that just happened to be alcohol-free. Her signature concoction, the Original Apéritif, is made with white grape juice concentrate, yuzu juice and various extracts, including gentian root, which gives it a kick. A half-liter retails for $38. Masarin intentionally doesn't call the drink a mocktail, a term she found pejorative. Ghia now also sells 8-ounce premixed cans in four flavors, for about $6 each.

Masarin got her branding chops running marketing, among other tasks, at two businesses that embodied the millennial aesthetic: makeup company Glossier Inc. and fast-casual chain Dig Inn Commissary LLC. To get Ghia off the ground, she raised $900,000 from friends and former colleagues. In its first full year, Ghia did $2.5 million in sales—almost all of it online. The brand is now in about 2,850 retailers, including, recently, Whole Foods Market and Wegmans Food Markets. Last year sales were up almost 50%, according to the company.

Ghia first posted on Instagram in March 2020 and officially launched that June, again via a post on the app. In the meantime, Masarin messaged more than 450 IG accounts, asking chefs and store owners to sample the drink. "We were a really small team, and Instagram was our lifeline to independent grocers," she wrote in an email.

Her timing turned out to be ideal. After overindulging during the depths of the pandemic, many people were reconsidering their relationship with alcohol. From 2020 to 2023, US sales of nonalcoholic beverages doubled, to more than $400 million, according to McKinsey & Co. And just as Masarin predicted, the vast majority of people who purchase NA drinks—93%, per research firm NielsenIQ—still buy alcohol. In cities such as New York and Los Angeles, it's not hard to find a mocktail list or NA beers at bars and restaurants. "Ghia was one of the pioneer brands to start talking about this category," says Joy Chua-Schwartz, the company's chief operations officer. "This category didn't really exist before."

In keeping with Masarin's plan, Ghia has a mature taste—almost as if it actually contained alcohol. On the sweetness scale, the flavors rank closer to a Negroni than an Aperol spritz, and that can be polarizing. When Masarin went on *Shark Tank* in 2022 seeking a $250,000 loan, Daymond John, founder of apparel company Fubu, winced when he took a sip. Yet the notoriously severe tech billionaire Kevin O'Leary burst into a joyous French: "*C'est très bon*." (Both O'Leary and fellow shark Robert Herjavec, who also liked the drink, offered Masarin money, but she didn't make a deal in the end.)

Branding, however, is really where Ghia shines. The shapely bottle, with its ribbed casing and wooden cork, would fit right in on any Brooklyn bar cart. Leslie Price included Ghia in her *Gloria* newsletter, because "it could also go into a guide that had a very expensive cognac," she says. There are no millennial pastels in sight. Ghia's highly curated Instagram doesn't mention sober living or wellness but instead features vintage-looking calendars and postcards. The company also sells Ghia-branded hair clips, totes and martini glasses designed by Sophie Lou Jacobsen. Think of it as less of a drink and more of a lifestyle.

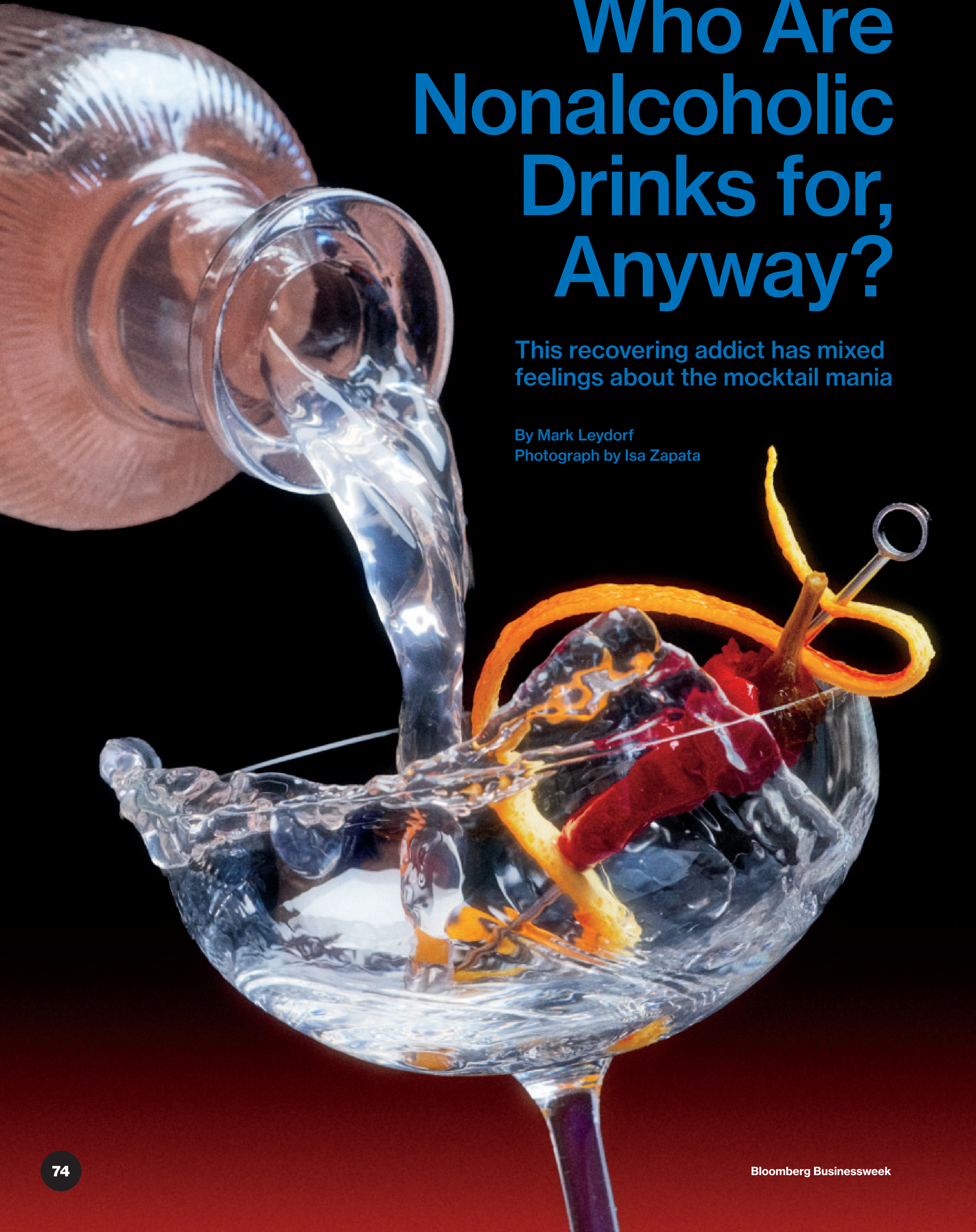
And now, of course, Ghia exists in 3D spaces, too. Masarin has been "getting herself into the right kind of places—where you're seen in this context, and suddenly it changes your perception of the brand," says Danton of In Good Co. Her first Ghia sighting was in just such a location: at what she describes as a "cool" hotel in Venice, California. Ⓑ

■ PHOTO: ISA ZAPATA FOR BLOOMBERG BUSINESSWEEK. PROP STYLIST: CHRISTINA ALLEN

Who Are Nonalcoholic Drinks for, Anyway?

This recovering addict has mixed feelings about the mocktail mania

By Mark Leydorf
Photograph by Isa Zapata



Friends who drink are so happy for me. For 24 sober years, I've settled for seltzer, but finally I can have a cocktail again—a $20 tumbler of faux gin and tonic. "Regardless of why you're not drinking, we're proud to offer you the choice of a flavorful, sophisticated, adult option," writes Seedlip, a top seller of nonalcoholic spirits, on its website. Its yummy aromatic botanicals include grapefruit, "embellished with fantastic bitterness"; ginger, with its "mysterious warmth of root"; and hay, whose flavor is "unique."

Unique, indeed. I didn't put down alcohol to drink hay.

As makers of "nonalc" drinks rush to meet—or invent—a market of adults who want to approximate the festivity of booze without the booze, it's hard not to feel that they're leaving out people in recovery from addiction. Or, at least, not speaking to us directly. Free Spirits, a company in Northern California that says it replaces alcohol with B vitamins, offers its alcohol-free gin and tequila in the spirit of nonconformity. "Maybe alcohol is in the plan for tonight. Maybe just a little bit, maybe a lot, maybe none," it says in a splashy ad full of attractive young folk in tipsy embraces. "It's got to be your choice." I'm not sure I even understand the company's tag line—"Drink like you mean it"—but I can't see it hanging on the wall at a 12 Step meeting.

Most of the brands push the general concept of wellness. Athletic Brewing Co. doesn't promise sobriety, it just sells "great-tasting brews that are fit for all times." Its stated mission is to "obliterate the stigmas" associated with NA beer, to take it "out of the penalty box." To me, that marketing only reinforces ideas about alcohol. Is the stigma of drinking really less intense than the stigma of not drinking? Is a cocktail really sophisticated and adult? Is soda inherently clumsy and childlike? Quite the opposite, I'd say. If you want to spoil the office party, pour me a martini.

Alex Highsmith, who manages Spirited Away, a nonalcoholic bottle shop on Mott Street in Manhattan, understands it differently. She walked into the store a few years into her own recovery and loved the place right away, eventually becoming a co-owner. "I felt so seen as someone who still wants to engage in all the amazing stuff New York City has to offer," she says. "I want to do all that stuff, but I don't want to drink a frickin' Shirley Temple while I do it." But Highsmith says the majority of her customers still imbibe. The store mostly serves that ever-widening slice of the populace who just want to drink less.

Almost 49 million Americans have a substance use disorder, according to the 2023 National Survey on Drug Use and Health, but more than 94% of them aren't in treatment. The vast majority don't even think they need it. This may be one reason these new brands rarely mention addicts—most of us are in denial. No doubt, it was hard accepting the limitations of sobriety when I stopped drinking. Cocaine and crystal meth were my real problem, or so I thought. "What about at dinner parties?" I asked the old-timers at my support groups. "Wine was never a problem."

"Good," they replied. "It won't be a problem not drinking it." It was tough to argue with this. What about O'Doul's? "Nonalcoholic beer is for nonalcoholics," they said. Most of these beers aren't in fact nonalcoholic; they contain a wee bit, like 0.5% by volume. The main point was: If I was trying to stay away from alcohol, did it make sense to drink things that taste like alcohol?

Experts agree. "Even small exposures can be a slippery slope," says Joe Disano, who heads the Substance Use Treatment Clinic at New York's LGBTQ Community Center. "The taste, smell and ritual of drinking it may trigger cravings or relapse, as it mimics the experience of consuming alcohol." In Disano's view, recovery involves "addressing the underlying behaviors and triggers, rather than replacing one substance with another."

"California sober is not sober," says Ardes Quinn, referring to the term used for folks who put down their drug of choice but continue using other mind-altering chemicals. A New York actor who first found recovery in 1980, she's five years sober again after a brief but intense slip in 2019. If limiting themselves to pot gummies is where someone is starting in recovery, "that's fine for them," she says. "For me, it would be a Tokyo bullet train back to being drunk." Quinn's strategy for festive occasions has never changed: "Club soda with lime."

Pricey mocktails are merely a "capitalist ploy" in her view. "I don't need to have a tinky-tinky-wocka-locka-inky-dinky drink." She acknowledges there may be a generation gap. "They don't want to take a picture of a club soda and lime," Quinn says of millennials. "But I don't think playacting is a really good thing for alcoholics."

The nonalcoholic distilleries, like real distilleries, claim they are selling more than pretty beverages. "Where there's life, there's Bud," Anheuser-Busch said back in the 1950s. Today, nonalcoholic drinks maker Ghia also promises connection and laughter: "We wanted to make a drink that would take you to this place without numbing the night; a drink you'd remember in the morning." Sounds good to me—morning wasn't a concept I grasped when I was using.

But Disano cautions that the "wellness" framing may "blur the line between sobriety as a necessity and sobriety as a trend." On the other hand, the rise of mocktails could be a boon for people in early recovery, he says. Festive alcohol-free options may make it easier "to socialize without feeling left out or pressured to drink."

When I started going back to places where people drink—dinners, parties, weddings—I was mostly terrified of being found out, of facing painful personal questions. I worried people would think I was somehow weak, sipping my soda, or, worse, a prig. So I suppose having a more sophisticated option could have helped. "It's about feeling when I go to a place that, like, the bartender isn't rolling his eyes when he's making my cran seltz," Highsmith says. "I don't need it to be fancy. I just want it to be, like, intentional."

Soda or seltzer is intentional enough for me. Highsmith gave me a bottle of Pentire's Coastal Spritz, meant to approximate an Aperol spritz or somesuch, so I took it to a sober brunch on New Year's Day. It got mixed reviews. My pal David said it best: "You know what this could use? Some vodka." Ⓑ

■ PROP STYLIST: CHRISTINA ALLEN

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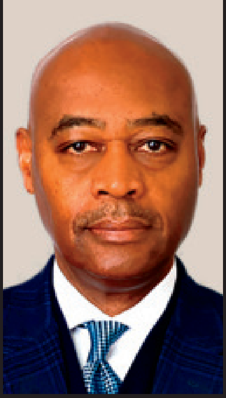

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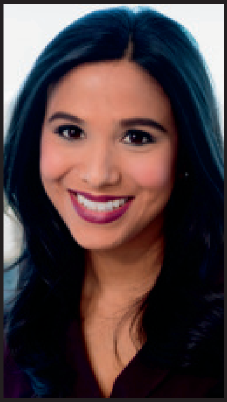

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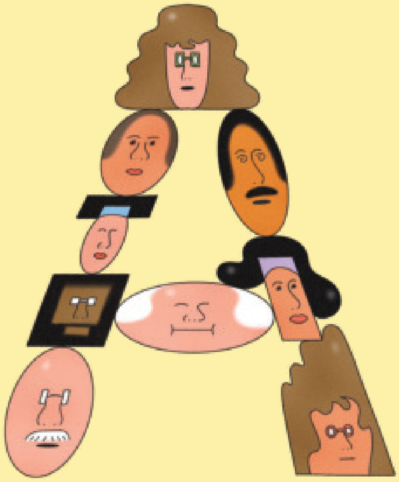
THERE'S A COACH FOR THAT

When life gets tricky, a booming market of ever-more-specialized guides is here to sort you out

By Mark Ellwood

Illustrations by Jose Flores

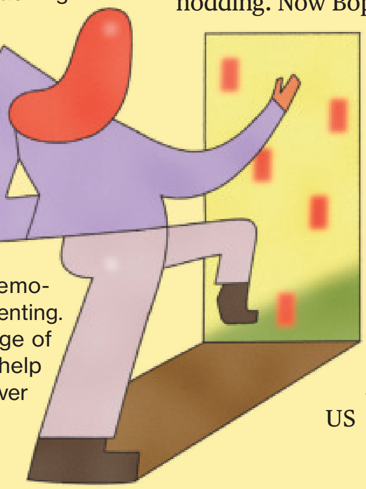


After years of affirmations, life coaching has manifested itself. The nonprofit International Coaching Federation estimates the number of coaches increased 54% from 2019 to 2022, the latest period for which it has data. By the end of that stretch, there were almost 110,000 active practitioners, earning $67,800 on average. And they're not done: The US market, worth almost $1.5 billion in 2023, is expected to grow 4.85% a year through 2030, according to Grand View Research.

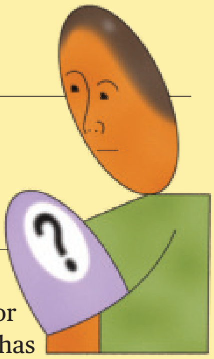
Experts say the pandemic turbocharged the industry. Kirsty Waite, a life coach who also runs a certifying body, the Ethical Coaching Co., points out that many white-collar workers stuck at home had spare time to dabble in coaching or turned to it when their jobs were downsized. Zoom made it possible for coaches to expand their client base far beyond their local region, making it more financially appealing, too. Also, it's an entirely unregulated industry. "The barrier to entry is zero. It's on the floor. You can literally be a hairdresser today, a business coach tomorrow," Waite says. "As long as you can sell it and your marketing's fancy and brilliant, you are all right."

As the number of professionals has proliferated, the industry has undergone a shift, with an increasing number turning from broad career or life coaching to something more niche and situational, specialties such as pregnancy mentors or even end-of-life guides. Many turned to their own personal experience to hone their expertise, such as Lindsey Durnil, who turned her divorce into a business helping others navigate the emotional ups and downs of co-parenting.

What follows is a wide range of well-rated coaches who can help you with life hurdles you may never have even imagined.



Kids or No Kids



● Merle Bombardieri

The 75-year-old author of *The Baby Decision* has been coaching hesitant potential parents since the 1980s, after she and her husband clashed over the choice. (They did eventually have kids.) "Ambivalence is part of human nature," she says. "So ask not 'Will I regret my decision?' but 'Which decision will I regret the least?' Grief is a big part of this, whatever people decide."

Bombardieri measures pros and cons. Europeans, for example, fret less over finances because paid time off is more generous there. One couple, both artists, came to her intending to have children but eventually decided to switch their efforts to the young creatives and relatives they already mentored. "It's never just about baby or no baby, it's about what hasn't happened yet that you want to have happen before you die."

Two sessions for $600; thebabydecision.com

Assimilating

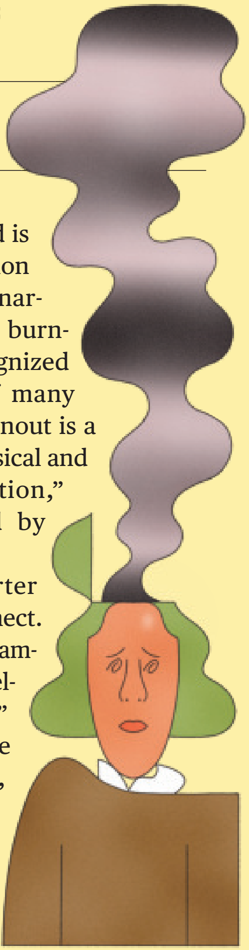
● Shriya Boppana

A first-generation Hyderabadi immigrant who was raised in the US, Boppana remembers clearly how her kindergarten teacher singled her out in front of the class because she shook her head side to side to answer yes, in the style of her home country of India, instead of nodding. Now Boppana wants others, of any age, to avoid that kind of upsetting experience and instead thrive in a new place.

Boppana's client base includes Slovenian immigrants and Haitian Americans; one 20-year-old South Asian student in the US told her, "I never really understand when someone's making a joke, and they don't when I am. I feel there's a missing link." Boppana suggests not shying away from asking if you don't understand or there's been some cultural confusion. Pick the person you feel most comfortable with and choose them as a confidant–eventually that person may explain colloquialisms without being prompted. Boppana has also coached parents to help their soon-to-be college-age kids prepare for what to expect at an American university.

$50 for 30 minutes; shriyaboppana.com

Burnout



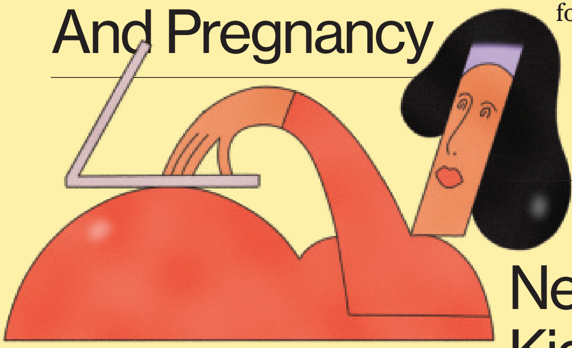
● Michelle Porter

Porter's background is in fitness and nutrition coaching, but she narrowed her focus to burnout when she recognized it was the root of many clients' issues. "Burnout is a state of mental, physical and emotional exhaustion," she says, "caused by prolonged stress."

Put simply, Porter helps clients disconnect. "They're stuck on a hamster wheel with a feeling of no escape," she says. "I have one client, an attorney, who won't travel to a location that does not have very strong internet service." Porter's approach is to break down the monolith of their life, identifying small changes they can make one by one. A married software architect with young kids asked how he could find more joy in life; their chat resulted in his blocking off only 30 minutes each day for a wellness break, a time to indulge an overlooked passion for reading. He powered through a dozen books in the first month.

$499 a month, three-month minimum; michelleporterfit.com

Juggling Work And Pregnancy

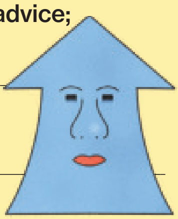


● Jennifer Elworthy
Elworthy is brutally frank about her own long-term challenges, balancing intense fertility issues with a high-powered career—and how their demands often conflicted. (She did eventually have a son, who's now 7.)

"My coaching model is about going from barely surviving to truly thriving at work," she says, noting that IVF can leave a woman feeling like a passenger on a medical train she doesn't know how to get off, let alone steer when necessary. "I felt like I had been really sparky at work, but it fizzled out, so I also focus on how we reignite that for my clients." An empathetic boss might urge you to take time off, but that may not be the most supportive career solution.

£950 ($1,207) for four coaching sessions plus ongoing advice; jenniferelworthy.com

Promotion



● Kate Laverge
Greenwich, Connecticut-based Laverge logged more than three decades in senior roles at Viacom and ABInbev before pivoting to help other mid-career execs ready to rise to upper management.

"Some people are seen as talented because their technical skills might be really high, but they're not getting promoted because they're not visible," she says. Laverge helps address both issues: She advises people to be ready with a few examples of their work—and its additive value—when a passing boss might ask. Then she'll help polish up etiquette and appearance. "Words are only 7% of what people hear," she says. "The rest is tone, attitude, body language and so forth. You have to make sure you're delivering on your reputation all day, every day."

$500 per hour; thegracegroupcompany.com

Parenting Neurodiverse Kids

● Karen Kossow
Kossow is herself neurodiverse and has two neurodiverse children, age 14 and 10, she homeschools in Boise, Idaho. Three-quarters of her one-on-one clients are fathers; she notes the higher-than-average divorce rate among parents of autistic kids.

Kossow says there's a duality to her approach. First, it's practical: Navigating the red tape and paperwork to secure a diagnosis and, crucially, funding for any child with special needs is overwhelming. But Kossow says it isn't simply about advocating for your offspring. "A child who has really intense needs and reactions takes a huge toll on you as a parent. I've seen how damaging it is for our families when we don't get self-care." She'll connect clients as a community to swap tips and practices to help manage stress. "We're not going to be the parents who can go on a week-long vacation with our girlfriends," she notes, which is why she uses her meditation training to help them find peace through mindfulness.

$167 per hour; outofyourordinary.com

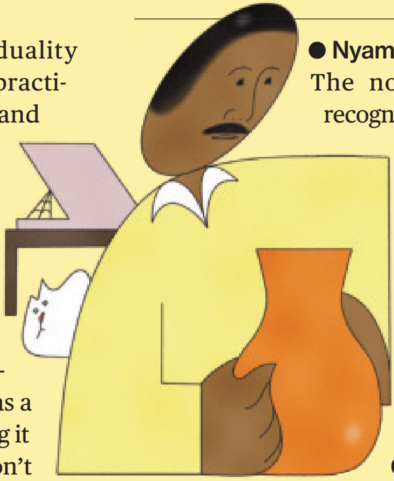
Losing a Child

● Anna Millhiser
The 39-year-old health-care industry veteran is a trained life coach in Baltimore who started offering specialized counsel when a friend lost his daughter at birth.

Her 45-minute, pro-bono video call is equal parts grief counseling and practical support. She'll take detailed notes and then work with her clients, mostly men, to turn them into action items, such as looking for a new job or perhaps, as with a recent client, helping them explain they'd need to cut back on travel for a while. "Those are the secret sauce," she says of the to-do lists, because they address concrete needs. Friends may have been supportive in the moment, but many parents require ongoing help, and they're more comfortable paying a knowledgeable stranger. "They think, 'These people brought me meals,'" Millhiser says. "'I can't now go ask for help with my career.'"

Free; saddadsclub.com

Career Break

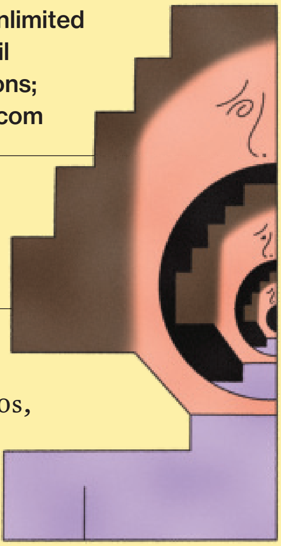


● Nyam Adodoadji
The now-40-year-old recognized she needed a sabbatical after an intensive career in tech and spent 2022 in a 12-month intermission, punctuated by adventures to Portugal, Ghana and elsewhere. She also trained others to follow in her footsteps and take meaningful career breaks, starting her business in early 2024.

"In some religious contexts and academia, sabbaticals are common, but it's seen as kind of weird in the corporate sector," Adodoadji says. The best way to approach it in that context is via a theme: Do you want to see the world or finally learn a language? Do ceramics? "You have to give yourself permission to make a choice that's best, even if others don't agree," she says, noting that all but one of her clients have been women. "We're socialized to prioritize other people above ourselves. But we need to embrace the brevity and joy of life." ▶

◀ $400 for a session, $1,300 for a month of unlimited support via email and video sessions; nyamadodoadji.com

Midlife Crisis



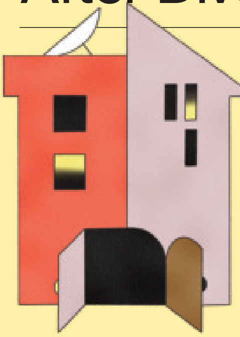
● Suzy Rosenstein

Now in her 60s, Rosenstein was laid off from her longtime role in health education the year she turned 50. “I thought about how unhappy I’d been and how sad I was that I hadn’t done enough about it.”

Rosenstein’s unlikely approach examines two emotions to motivate clients to unstick from every rut: “Envy is a really great tool,” she says. “If you can focus on envy, that will tell you what you really want.” Fear, too, is a fundamental emotion to understand in midlife. “It motivates a lot of decision-making, so I encourage people to ask themselves ‘Why?’ more often,” she says.

$5,000 for 12 sessions and ongoing support; suzyrosenstein.com

Co-Parenting After Divorce



● Lindsey Durnil

Durnil, 47, was a stay-at-home mom when she found out her husband had been unfaithful; they quickly divorced. “He worked a ton, so when I was married, I was a single parent anyway. Our day-to-day didn’t change, but I was blindsided and caught completely off-guard,” she says. She was among the first of her friends to face that emotional earthquake and, when folks started asking for advice, rapidly recognized an opportunity.

Durnil’s practice starts with a 30-minute call to get a brief on the situation: Is the other parent still in the house? Are there drug or alcohol abuse issues? Is it a high-conflict situation? She then coaches clients, all of them women, to deal with individual needs—as with one who wished to keep living with her soon-to-be ex-husband, who traveled regularly for work, in a large house where they could co-parent their two kids more readily. Durnil focused on if it was really best for the kids and how it felt for her client. “She was really determined and felt she was strong enough, so we worked on how to have boundaries when he was in town.”

$100 per hour; instagram.com/lindseydurnil/

Mastectomy

● Kate Armstrong

The thirtysomething trained mental health therapist in Greenville, North Carolina, underwent 15 grueling months of treatment for triple positive breast cancer, including a double mastectomy, that ended in March 2023. On returning to work later that year, she pivoted to focusing on others with the same experience.

Armstrong likens the impact of a cancer diagnosis to knocking a painstakingly completed jigsaw puzzle to the ground. “Now you have to put it back together, but you’re missing pieces, or there are pieces from another puzzle that have come in.” Her coaching helps women rebuild their life: Perhaps they’re torn about breast reconstruction, which she opted against, or they’re processing being left infertile after treatment, as with a 27-year-old newlywed who was riven with panic attacks over the loss of her planned identity. Half of Armstrong’s clients seek help before any surgical intervention or treatment; the rest look for guidance as they juggle the demands of real life. “Cancer treatment is like that week between Christmas and New Year’s, because there’s just no concept of time. We really try to help with structure, because that makes clients feel safe.”

$50 per hour; stan.store/K8armstr0ng

Handling an Older Parent

● Karen Anderson

A veteran life coach, Anderson finessed her niche by drawing on her own highly troubled relationship with her mother, from whom she’s currently estranged. “It caused me a lot of angst, and I had a lot of therapy.” Clients had similar issues, and she resolved to help.

There’s a sandwich generation, Anderson says, mostly between age 45 and 65, who are trapped between elderly parents and young kids. Both groups are emotionally and logistically demanding. A common challenge is a client whose mother is financially strapped and elderly, and with whom the client has always had a complicated relationship. “How do you have boundaries without crippling guilt or seething resentment?” Anderson might make a list of the mother’s needs and work out with the client which of them might be fun to address together.

From $250 for a 90-minute session; kclanderson.com

Elder Care

● Dr. Pooja Patel

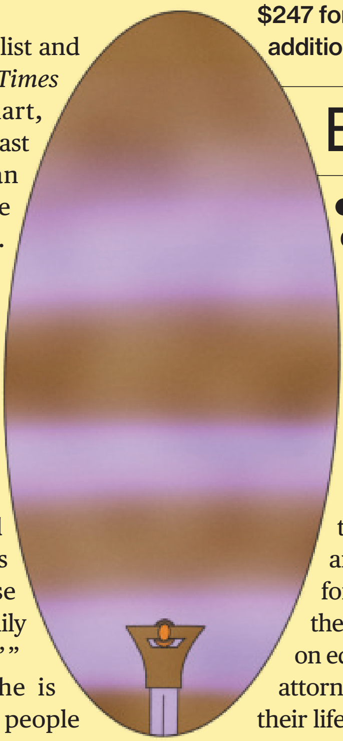
Board-certified gerontologist Patel saw too many families leave discussions about elder care until it was too late. Some were emotionally unwilling; others found the resources baffling to navigate. The 31-year-old in Chicago built a coaching practice to address both concerns.

Patel developed a workbook intended to educate and spark conversations. Clients work with her to write down their wishes and later-life protocols, which are kept in a binder to consult when an emergency occurs. Some are the elderly themselves, as with an 85-year-old forensic psychologist, a widow close to retirement whose daughters lived out of state. "We created a schedule, with long-term and emergency care planning, a bundle with all of her wishes, a binder to give to her daughters. She's trying to make very proactive decisions."

$150 per hour, or $600 for comprehensive care planning; aging-together.com

Big Decisions

● Nell Wulfhart



A freelance journalist and former *New York Times* columnist, Wulfhart, 44, has spent the past decade honing an unlikely side hustle as a decision coach. "I'm one of those people who, if you start telling me about an issue in your life, my brain will start working, and I cannot hold in that advice," she says. "I had to start a business doing that because my friends and family were like, 'Shut up!'"

Wulfhart's niche is simple: She helps people find an answer to a single, major question over an extended phone call—usually an hour, but there's no time limit. She prefers a classic call to Zoom so she can take notes. She always comes into the conversation blind to the topic, though she'll ask for some background on lifestyle, profession, location and other basics. "My whole thing is complete and utter transparency. I'm a neutral third party who has no investment in what they decide to do, other than wanting them to be happy." Wulfhart says she tries to draw out from clients what they want to do and what they think they ought to do. She says that "98% of the time they're the same thing, and it's my job to write them a permission slip to say it's OK." Job offers are a commonplace conundrum, as are breakups. One fiftysomething med student called to discuss whether to sell her house (answer: yes); another woman, fatigued by too many decorating decisions after her house was destroyed in a fire, was stuck on what color to paint her kitchen (answer: yellow, the same as before, despite a choice of a dozen different shades of white). "It was nice to decide something frivolous, and it was a good illustration of how people can get bogged down and waste so much time on things that are pretty inconsequential."

$247 for one person, $50 for an additional person; decisioncoach.com

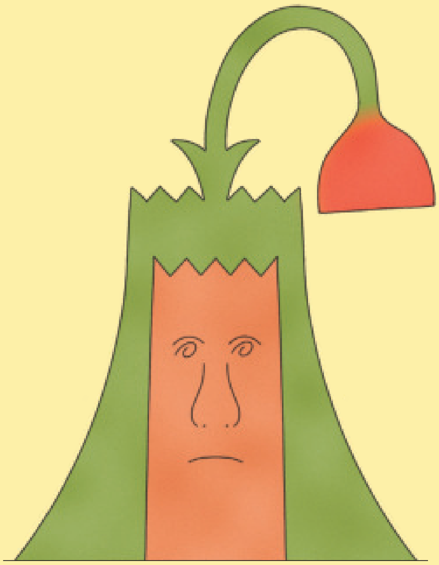
End of Life

● Katie Duncan

Of those two inevitabilities, death and taxes, Duncan is determined to make at least one less ominous, proactively improving the end-of-life experience for clients. As a former hospice nurse, she's a seasoned palliative pro.

Duncan's approach intends to strip the stigma from dying and instead help anyone prepare for a good death. If she works with the dying person, the focus might be on education and arranging powers of attorney or a funeral directive, tidying their life for those left behind. With family members, that administration might be commingled with emotional support: In one family a daughter came to Duncan keen to force her siblings and widowed, terminally ill mom to communicate with one another after her father's traumatic death. "The mom wanted to talk openly about the fact she was dying," Duncan recalls. "We did letter writing exercises and planned her funeral."

$225 per hour; deathcarecoach.com



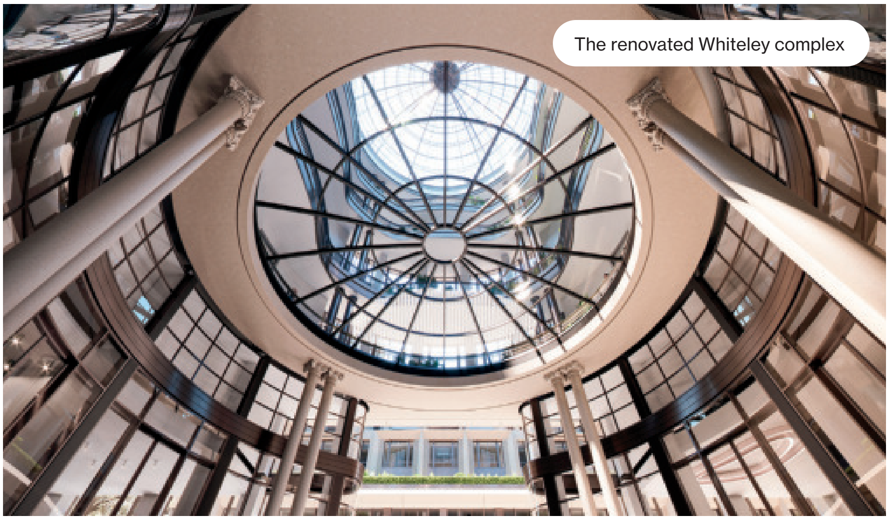
Lost Mojo

● Fred Johnson

It was a chance meeting on an airplane with John Schneider, director of football operations for the Green Bay Packers, that upended Johnson's professional path. He was working as a generalist leadership coach, but Schneider tapped him to shake up, and shape up, the team. He's now known as the GM Whisperer, helping struggling NFL franchises, including the Titans and Dolphins, find their touchdown technique anew.

Johnson also works with C-suite execs to deploy his NFL-honed know-how in an off-the-field setting. His major emphasis: self-belief, as impostor syndrome is so widespread. (He examines his clients' using a 20-question quiz.) When you're freed from feeling pushed to do what you don't believe you should be doing, you can pursue what you actually might love. "What rings the bell of joy in your heart?" he asks. The answer for one client, an executive at a major hospital system, was to ditch his job and found a medical clinic for Indigenous Americans in New Mexico. Another, also a health-care executive, who was making $800,000 at 33, ended up junking his corporate gig for entrepreneurial life. "He raised $20 million in seed money to start the first virtual emergency room in the United States. That took off, and he later sold it for hundreds of millions of dollars."

$25,000 per year; initiativeone.com



The renovated Whiteley complex

ENTERING HOSTEL TERRITORY

London's Final Luxury Frontier

By Sarah Rappaport

Nestled among the white stucco row houses of London's Notting Hill, the impeccably manicured streets of Marylebone and the $2,000-a-night hotel rooms in Mayfair, there is…another neighborhood.

Just north of Hyde Park and a short stroll from Kensington Palace, Bayswater is almost never mentioned in the Queen's English alongside its posh peers next door. Queensway, the area's high street, hosts low souvenir shops and a bunch of fast food. Its biggest attraction was once the Whiteley, one of London's first department stores and a longtime competitor to Harrods. Opened in 1911, the shop was referred to in *My Fair Lady*, and at one point it sold everything from pins to an elephant. It closed for good in 2018.

But now a group of developers and landowners intends to play Pygmalion with the Queensway and polish up broader Bayswater through £3 billion ($3.77 billion) in investments. Some 350 homes are under construction, and the streets themselves are being transformed with extended sidewalks, freshly planted trees, one-way traffic zones and new gates to enter Kensington Gardens with approval from the Royal Palace.

"It's the last great central London regeneration story," says Rupert des Forges, head of prime central London developments at real estate firm Knight Frank. He also mentions King's Cross, which underwent a massive redevelopment starting in 2008, and Battersea Power Station, which reopened in 2022 after a £9 billion investment project. "But this is truly central London. People have always wanted to be there due to its location, but it was a very 24-hour environment with poor retail and not a great aesthetic."

Des Forges blames that on the proximity to Paddington station, a short walk away, which recently got a glow-up of its own with the opening of the Elizabeth line in 2022.

No building better exemplifies the money poured into this street than the Whiteley. The grand Portland stone art deco structure is in the midst of a £1.2 billion transformation by star architects Foster + Partners. The million square feet inside will be converted into luxury apartments, upscale retail, restaurants and a Six Senses hotel—a five-star brand known for its sumptuous resorts and spas.

Ninety-eight of the 139 apartments have sold, with total sales topping £600 million. The average price per square foot in the Whiteley is £3,700, 120% higher than in the surrounding area. The sales—including a penthouse for £40 million—come amid buyers' hesitancy to shell out for luxury property in London's slowing market. The Whiteley's first residents moved in last year.

"We worked pretty hard to get all the landowners on this street together to see that we have a once-in-a-generation opportunity to really upgrade this street and make Queensway like Marylebone High Street," says Alex Michelin, co-founder of real estate developer Finchatton, who's working on the Whiteley.

The idea is to make it a destination for Londoners again. In addition to the five-star hotel, it will have the premium cinema chain Everyman, the luxe gym Third Space—where membership can cost £300 a month—and a restaurant from Pachamama Group, known for its chic dining spots in Marylebone and Notting Hill.

■ PHOTOS: BEN ANDERS. COURTESY THE WHITELEY ■ DATA: BAYSWATER RESIDENTS' ASSOCIATION (NEIGHBORHOOD BOUNDARIES)

"The £3 billion we're spending is going to make this a proper high street," Michelin says. "And once you have all the right shops, then that filters out to all the neighboring streets."

The Whiteley is scheduled for completion by the end of 2025, with the hotel, likely opening in the summer, getting its own wellness-focused members club. The 1950s timber-frame retail block across the street is also slated to be knocked down and turned into offices, shops and about 100 new homes, with construction starting around that time, too.

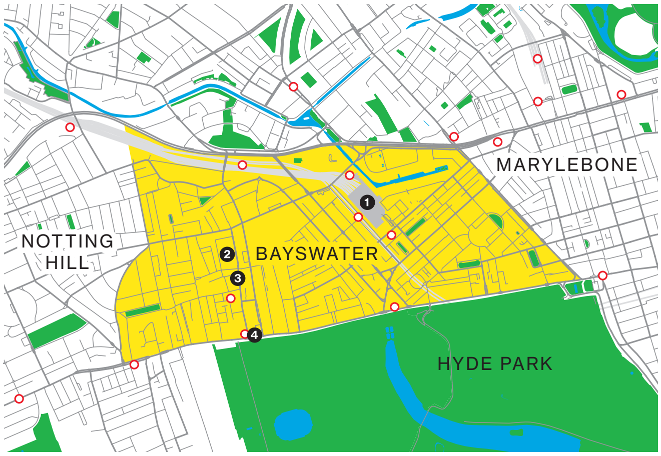
Becky Fatemi, executive partner at UK Sotheby's International Realty, says American buyers have loved the Whiteley listings because of the historic architecture and the host of promised amenities such as the indoor padel court and plush spa. But getting some clients on board with buying in the up-and-coming neighborhood took some "educating," she says. The issue for wealthy buyers has been the number of budget flats and hostels near Paddington, which gave the area a bit of a transient feel; the new investment has changed minds.

"A lot of buyers would have never considered going there in the past, but there isn't good supply in Marylebone, and you're getting much more bang for your buck here if you want to be by the park," Fatemi says. Clients are now converting quickly, she adds, reassured especially by the arrival of Six Senses.

Meanwhile, at the southern end of Queensway, residents are moving into another big-budget project: the £530 million Park Modern, a strikingly curved nine-story, 55-unit building overlooking Hyde Park. A trophy penthouse is listed for £60 million and includes a 2,400-square-foot wraparound terrace with views of Kensington Palace.

On the ground floor, legendary London restaurateur Jeremy King in May opened the Park, a European-style brasserie. One morning in November, residents and locals pored over morning papers alongside cream cheese and lox bagels for £16.50.

Inside the Whiteley



❶ Paddington Station ❷ The Whiteley ❸ Queensway High Street
❹ The Park Modern ○ Tube stops

Of course, with this massive transformation come concerns about gentrification and longtime Bayswater residents getting priced out of the historically diverse neighborhood.

"In the center of London, where land prices and housing prices are already very high, what you're getting now is this process of premiumization of neighborhoods," says Chris Hamnett, professor emeritus at King's College London and the author of *Unequal City: London in the Global Arena*. He points to Notting Hill, which he says was gentrified initially by working professionals and is now largely the home of the ultrawealthy.

"People are putting together developments in Queensway that will sell for tens of millions of pounds," he says. "Inevitably there will be some British millionaire buyers, but the main market now in central London is for the international super rich."

Hamnett says this kind of developer-led regeneration is the story of the London property market during the past three decades, starting with businessman Harry Handelsman converting vacant warehouses in Clerkenwell into Manhattan-style lofts in the 1990s.

For now, he continues, "a lot of the newer apartment buildings are being built in the fabric of older buildings that were previously shops, so no one is getting kicked out of their homes," Hamnett says. He notes, however, that price per square footage and average rents in the area will no doubt increase.

Jo Eccles, founder and managing director of the consulting firm Eccord Ltd., says she's seen a lot of excitement about Queensway but warns that it's a work in progress and that it will likely take five years or longer for the area to look like what the developers are promising. Still, it could be a smart bet for those seeking the next hot London neighborhood.

Citing the example of New York City's Meatpacking District, "there are some savvy buyers who invested," Eccles says, "before it became really expensive and cool. They want the next up-and-coming thing." Queensway could be it for them.

"It didn't always have the appeal or the investment it's getting now, and it's being completely transformed," she says. Ⓑ

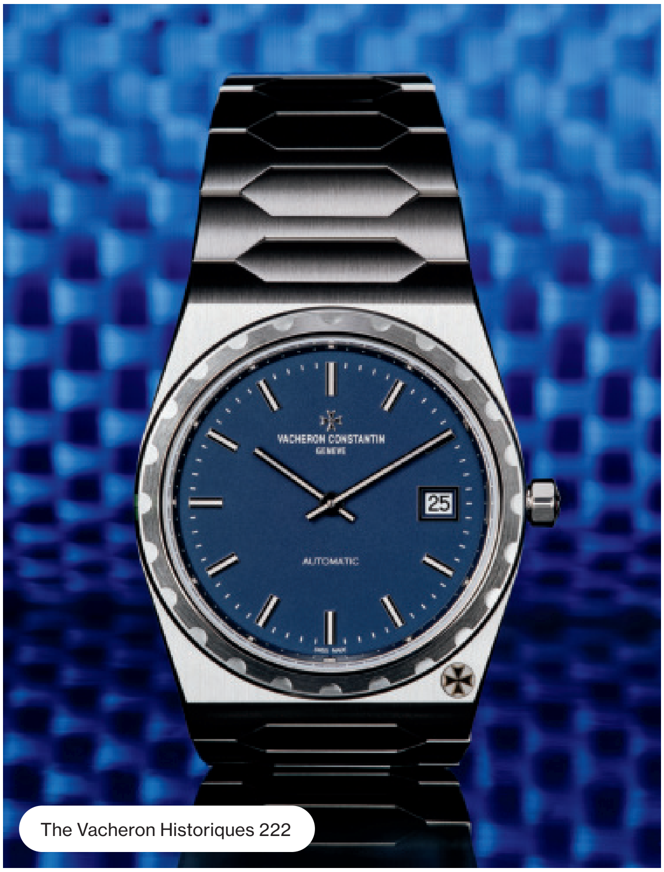
WATCH CLUB

STEELING THE SPOTLIGHT

By Roberta Naas
Photograph by Hannah Whitaker

Vacheron Constantin, one of the so-called holy trinity of Swiss watchmakers alongside Patek Philippe and Audemars Piguet, is making a splash for its 270th anniversary. Maybe 275 would be a more natural moment for a big to-do, but because the brand claims to be the oldest watchmaker in continuous production since its founding in 1755, every year is worth celebrating.

The past five years have brought major leaps for the Richemont Group-owned company; sales and average retail prices began climbing after the start of the pandemic. Vacheron, headquartered in Geneva, went from being the 14th-largest Swiss watchmaker by revenue in 2020 to 8th in 2023, according to Morgan Stanley/LuxeConsult, with an estimated 35,000 watches sold that year at an average price of 38,740 Swiss francs ($42,450).



The Vacheron Historiques 222

Known for a commitment to beauty, craftsmanship and innovation, it's also made some major technical achievements. In early 2024, as the Swiss market started to show signs of cooling, Vacheron unveiled the most complicated watch in the world, the Berkley Grand Complication. Developed over more than a decade, it has 63 functions including a complex set of interfacing Chinese lunisolar calendars.

"We are proud to be the oldest company with nonstop activity that we have been able to maintain and preserve," says Christian Selmoni, Vacheron's style and heritage director. "This heritage is helping us push the boundaries of our watchmaking art and technology."

And yet the timepiece that's kicking off this year's anniversary celebration is deceptively simple: a stainless-steel sports watch.

The story of the Historiques 222 begins with Swiss watch designer Jorg Hysek, who also designed the Breguet Marine and TAG Heuer Kirium. He produced the first 222 for Vacheron's 222nd anniversary, in 1977. Robust and modern, it was a strong departure from the manufacturer's dress-watch design norm. Thanks to its integrated metal bracelet with distinctive hexagonal links, and a fluted round bezel within an outer tonneau-shaped case, the 222 offered bold, rugged appeal.

The initial release included multiple versions, such as an 18-karat-gold model and a stainless-steel model with a blue or silver dial, in various sizes. Fans nicknamed the largest one—whose 37-millimeter diameter was big for the 1970s—the "Jumbo." An immediate hit, it was made in limited numbers until 1985, when it was discontinued.

The 222 was rereleased in 2022, garnering much excitement among aficionados. "We decided to relaunch the 222, because it was the perfect year to play with the number," Selmoni says. "We had the redesign of the Jumbo size ready and opted to offer it in 18-karat yellow gold. While collectors loved it, most expected steel, so we think this new one will be very well received."

In fact, the $32,000 stainless-steel Historiques 222 is only the fifth steel watch the brand has ever created. It boasts a rich blue dial with white-gold baton-style hands and straight hour markers, recalling the original versions from 1977. The markers and hands, though, now come coated in Super-LumiNova that's off-white in daylight and glows green in the dark. The Historiques 222 steel is powered by a high-precision automatic mechanical movement with 40 hours of power reserve. Like all Vacheron watches, it carries the prestigious Geneva Seal certification.

Selmoni says to expect even more throughout the year: "We will have various moments of celebration with new products and activations. It will be like fireworks from us." Ⓑ

HOT PURSUIT!

Dragging Tesla

By Hannah Elliott

"Well this is a bold move," I think. I'm creeping toward the Christmas tree start signal familiar to drag racers across America, about to unleash a blunt-nosed, clean-cut Dodge onto this Arizona strip, as thrill-seekers have done for decades.

But something's different. This particular muscle car is electric. The first of its kind.

The Dodge Charger Daytona Scat Pack ($73,190) promises 670 horsepower and 627 pound-feet of torque—good enough to push it to 60 mph in 3.3 seconds and a quarter-mile time of 11.5 seconds. OK, fine. But can any amount of gnarly add-ons, like "launch control," make up for the thing running on electricity, with a heavy battery and none of the shake, rattle and roll we all expect? It's a handsome car. But it's also heresy.

I stand on the brake and the accelerator. Sweat drips down my back. The car—weirdly, for an EV—rumbles like a menacing dog, a growl that says stay away.

Yellow ... yellow ... GREEN! Time stops with the slow-motion pause of a movie, then everything happens. I yank my foot off the brake. The car leaps and ROARRRs.

Suddenly I'm streaming down a straight of grandstands, smelling rubber and heat, and urging the car faster faster faster! I watch the speedometer climb from 110 to 112 to 115 mph. The cockpit seat vibrates against my back and legs as the Charger barrels down the straightaway. I surge past the finish line, elated in this utterly visceral moment.

By the time I get back to the engineer at the starting line, I have questions: Does this thing have some sort of electric gearbox? What was the sound I was hearing? What was I feeling?

Of course, no, Dodge has not invented a magical gearing system for its new EV. I guess adrenaline concocted that effect in my brain. And no acolyte will confuse the synthesized, unfortunately named "fratzonic chambered exhaust" tone with the combustion engine note that's evangelized for Dodge's upsized pony car since 1966. But the noise had revved ever louder as I reached for 120 mph, and it was somehow still satisfying. I came away thinking there's something to this incarnation of muscle-car madness; it's like a bridge to the future.

I doubt the Daytona will appeal to the core faithful. To them, an electrified Charger is inherently sacrilegious. For the rest of us, so what? Dodge can always use new fans: Those who desire a stylish, swaggering electric car, one that lacks the political baggage of that other American maker of fast EVs, Tesla Inc.

After all, no automaker makes a two-door electric sports car for the US right now, and we all could use a little fun. Ⓑ

CEO DIET

How Nine Bosses Win the Weekend

By Kate Krader

● DIANA LEE

Constellation

"First, Pilates with my husband. Afterward I go to Bluestone Lane to have an organic breakfast. Then I love to go to H Mart to buy groceries."

● ATIT JARIWALA

Bridgeton

"Hiking with my kids. Or beating them at sports. Besides that, it would be exploring small-city downtowns. You meet the most interesting people with the most interesting ideas when you go to unknown places and just observe."

● NAVEEN JAIN

Viome Life Sciences

"I'm an avid reader, and I listen to audiobooks while walking. They keep my mind working and help me see the world differently. Some recent ones include *Genesis* by Henry Kissinger, Eric Schmidt and Craig Mundie, and *How We Age: The Science of Longevity* by Coleen Murphy. When your No. 1 job is solving problems, everything becomes an opportunity for learning."

● MALCOLM WOOD

Maximal Concepts

"I have to get into the sky at least once a week. I've got a mountain in front of my house, and it's a vertical kilometer to the paragliding launch where I normally speed-wing and fly back down before the day starts."

● MICHAEL ACHENBAUM

Gansevoort Hotel Group

"Watching my son learn karate. A 6-year-old doing karate brings about some of the funniest and yet proudest moments for a parent."

● DINA ROSENBLOOM

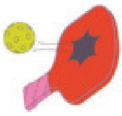
Hairstory

"I would love to say it's going to my two sons' soccer games. But my favorite weekend activity is hiking, sledding or skiing in upstate New York during the fall, winter and spring, and spending the day at the beach on Fire Island in the summer."

● JULIE CARNEVALE

FullBeauty Brands

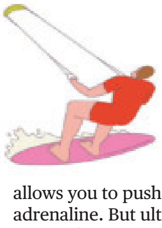
"Shopping!"



● GRAHAM CARTER

Unforgettable Travel Co.

"I play pickleball on Saturdays. As I'm in my mid-40s and nearly 20 years younger than the other players, I come home feeling invincible, like Roger Federer."

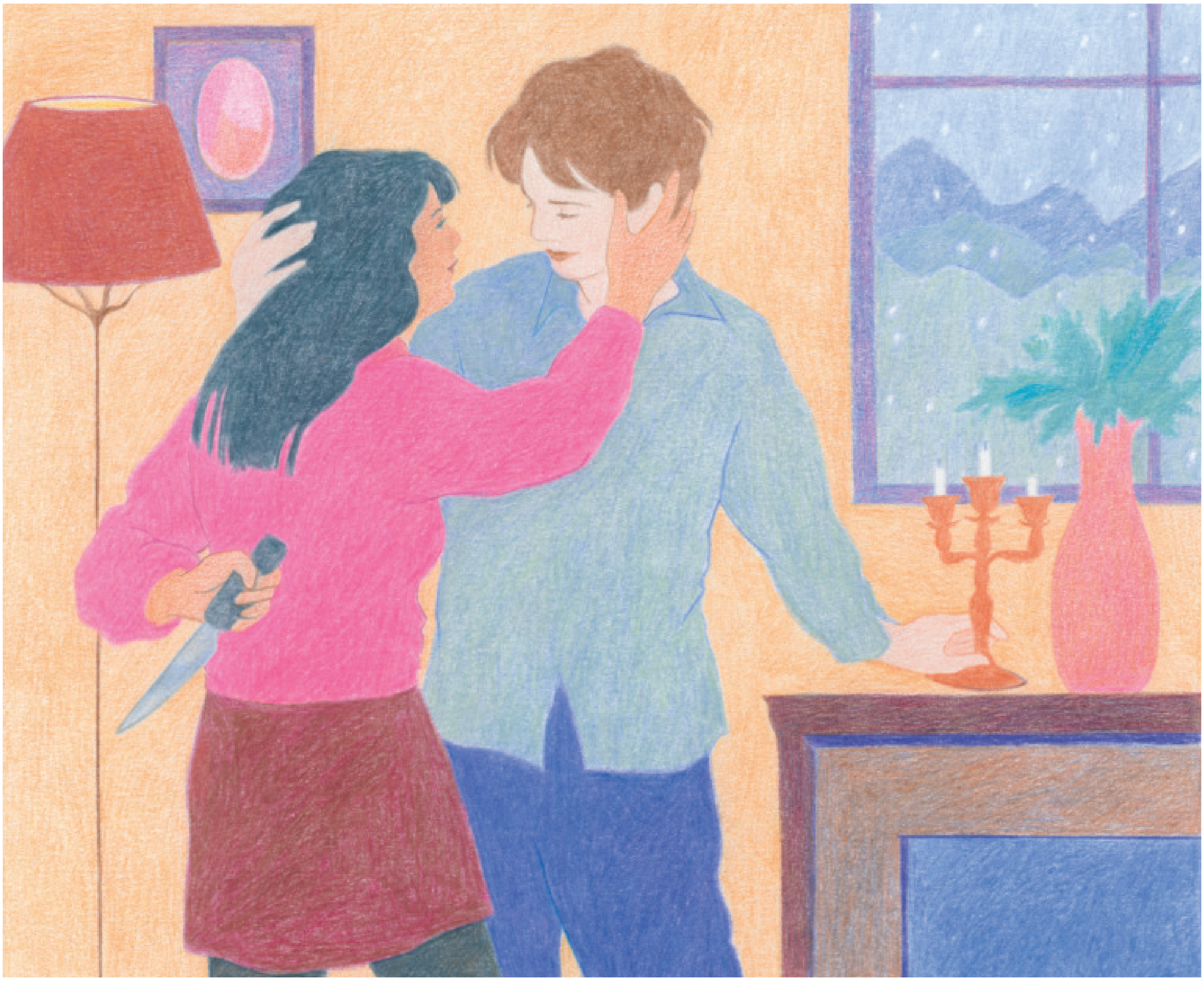


● ANDREW BARNARD

SunSwept Resorts

"Kitesurfing—quite possibly the best individual sport on the planet. It allows you to push the edge and drive adrenaline. But ultimately it's the total mental focus: There are no phones and no disruptions—only an all-consuming concentration that engenders a massive sense of relaxation and a dopamine dump. It's like meditation."

■ PHOTO: STELLANTIS/WEBB BLAND ■ ILLUSTRATIONS BY SARAH CLIFF



TILL DEATH DO US PART

The Horror of Romance

By Esther Zuckerman
Illustrations by Camille Deschiens

Companion, released Jan. 31, opens with a meet-cute: Iris is grocery shopping when she exchanges glances with Josh, who then accidentally knocks down a whole display of oranges. Oops! But as with other buzzed-about new films—*Heart Eyes* and *Drop*—those rom-com tropes are about to get turned viciously inside out. Has Hollywood given up on love?

"Audiences, especially now, are so savvy. They know all the tricks," says *Companion* writer-director Drew Hancock, who relates to his characters' deeply ambivalent relationship with love and romance. "I've been in relationships, and I have a billion repressed thoughts. I've been the bad guy, and I've been the guy who's been wronged."

To Hancock's credit, he doesn't take long to play his hand. The setup is too perfect, the supermarket too eerily abandoned. A voiceover from Iris (*Yellowjackets*' Sophie Thatcher) reveals she's felt true joy only twice in her life—when she met Josh (*The Boys*' Jack Quaid) and when she killed him.

"I'm trying to lure you into familiar territory," the filmmaker says. "I don't think you can do just sincerity anymore. You have to constantly be reinventing yourself and going different directions and adding twists and turns, and then you can have fun with what people are familiar with." That we soon discover Iris is a robot, whom the seemingly nice guy Josh programmed to be completely enamored with him, certainly ups the ante.

In this new era of moviegoing, horror has been reliably successful at the box office, but most traditional romances are being shunted to streaming. (Even the weepy 2024 megahit *It Ends With Us,* which earned more than $350 million on a $25 million budget, was ultimately a tale of domestic abuse.) So, to talk about love—and satisfy a desire for Valentine's Day programming—filmmakers have started adding a dose of fright.

"I was just like, 'I want to see a movie where Meg Ryan gets decapitated,'" says *Heart Eyes* co-writer Christopher Landon. Directed by Josh Ruben, the violent rom-com (out on Feb. 7) follows a pair of marketing executives (Olivia Holt and Mason Gooding) on Valentine's Day who end up evading a murderer who's stalking couples. Over the course of a long night trying not to get stabbed, they start to fall in love. It's a tale as old as time. Landon—best known for directing the 2017 time-loop slasher comedy *Happy Death Day*—says he takes the romantic aspect of its storyline as seriously as the gory one. "I just love the idea of creating something that was a love letter to rom-coms but also a bit of a parody."

Drop, his latest directorial effort, out on April 11 from horror studio Blumhouse, is more purely a thriller. The heroine is a widow, played by Meghann Fahy (Daphne on Season 2 of *The White Lotus*), who's tentatively embarking on a first date. Suddenly she starts getting airdropped messages on her phone from a stranger who threatens to harm her child if she doesn't murder the handsome man (Brandon Sklenar) sitting opposite her—who may or may not be the villain himself.

For Landon, the concept behind *Drop* taps into a lurking question for those who've swiped right: Is this going to be the person I marry? Or is he going to kill me and everyone I love? "I think there is a certain pleasure in seeing the bad date and going, 'Oh, God, I know what that feels like,'" he says.

Call it the anti-Cinderella syndrome, wherein the prince is actually a horrible person. (Familiar, right?) The appeal of the romance-gone-bad is looming large over the current awards season. *Anora*, from Sean Baker, starts off as a fairytale in which a sex worker, Ani (Mikey Madison), gets married to the smitten son of a Russian oligarch, Ivan (Mark Eydelshteyn). When his irate parents send goons to his mansion to force an annulment, Ivan bolts, proving to Ani that he's not the white knight she'd imagined.

Which brings us to Bridget Jones, who knows a thing or two about jerks. Ever since she lip-synched *All by Myself* in her pajamas in the first film, Renée Zellweger's frazzled British diarist (created by novelist Helen Fielding) has been the patron saint of messy ladies looking for a mate. The latest installment of her adventures, *Bridget Jones: Mad About the Boy*, premieres on Feb. 13 on Peacock with a sadder undertone: Her former heartthrob Mark Darcy (Colin Firth) is dead. She's a single mum of two in her 50s, all by herself once again—a true Hollywood horror story if ever there was one.

Which of the two new hunks in Bridget's life will she choose: sexy young thing Leo Woodall or distinguished gentleman Chiwetel Ejiofor? Is the happy ending even the point? Or possible anymore? If there were blood and guts, too, could the film have gotten a theatrical release?

Companion's Hancock says he hears more complaints about dating than praise for it, thanks to the culture of finding mates via apps. "Now, when you listen to people, it's just about how much of a slog it is and how toxic these people are," he says. "It's probably because it's never been so shallow."

Highlighting the toxicity in contemporary romance may be just the catharsis the world (and Hollywood) has been waiting for.

Pursuits Picks For February

By James Tarmy

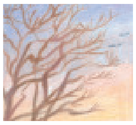
● FILM

Parthenope

This sun-drenched antidote to your February blues comes via famed Italian director Paolo Sorrentino. (His ode to Roman life, *The Great Beauty*, won the 2014 Oscar for best foreign film.) Set in and around Naples from the 1950s to the present day, the movie follows Parthenope (Celeste Dalla Porta), a young woman appropriately named after a siren of Greek mythology, as she enchants a wide range of colorful characters in this sweeping story of young love. *Feb. 7*

● ART

"Caspar David Friedrich: The Soul of Nature"



The Metropolitan Museum of Art in New York has organized a major show in celebration of the 250th anniversary of Friedrich's birth. The exhibit comprises about 75 oil paintings, drawings and sketches showcasing his grand landscapes from more than 30 lenders. Viewers will be treated to the apex of German romanticism. Astonishingly, this will be the first comprehensive exhibition of Friedrich's work to be held in the US. *Feb. 8 to May 11*

● MUSIC

Lady Gaga *LG7*

There's been an impressive amount of secrecy surrounding the seventh studio album from one of the world's biggest pop stars, with news about its release revealed in strategic drips and drabs. Gaga has characterized the album as "genre bending" and a return to "a darker pop style of pop," which the first single, *Disease*, displayed clearly last October. *February*

● BOOKS

Saint of the Narrows Street by William Boyle

Set in the Brooklyn of good old boys rather than oat milk cortados, this gritty novel follows Risa Franzone, a young mother who kills her husband by mistake and does her best to cover it up. But Boyle, who excels at dark tragedies along these lines, ensures that nothing is ever quite so simple. *Feb. 4*

● TELEVISION

The White Lotus Season 3

Creator Mike White's send-up of rich people behaving badly in paradise has turned its sights on Thailand. There, a cast that includes Parker Posey, Michelle Monaghan and Carrie Coon will cavort and presumably get into various kinds of trouble. Speculation has swirled around the plot (another murder?) and casting choices (no Jennifer Coolidge!), but the only real question is whether it can top the mega-high bar set by the first two seasons. *Feb. 16 on HBO and Max*

DRESS UP GAMES

Outside The Gray Box

By Cecilia D'Anastasio
Photographs by Sarah Natsumi Moore
Prop styling by Sarah Karney

牛乳
バナナ
GEFORCE RTX

An Ironside Computers limited-edition Milkbox PC in "banana milk" colors

In 2020, Jasmine Bailey declared her laptop unfit for *World of Warcraft*. It rendered her elf avatar's hair as pixelated mounds. In elegant environments such as the flower-filled Dreamgrove, the laptop's temperature rose precipitously. Sometimes the screen just turned black.

Bailey was between two unrelated milestones: leaving college and the release of Nvidia Corp.'s 3000 series graphics cards. The new component was capable of distinguishing each digital follicle from the others; she just needed a better computer to put it in. Browsing the internet, Bailey was indifferent to the big gray rectangles from computer-manufacturing mainstays such as HP Inc. Instead she ordered the Nvidia component and looked up YouTube walk-throughs for building a custom PC.

During pandemic lockdowns, 3 billion people turned to video games to pass the time. Now, under desks around the world, there are millions of gaming PCs—high-end machines optimized to lend an edge in *Call of Duty* firefights or display grass swaying in *Red Dead Redemption 2*'s desert wind. Gamers can purchase those one-and-done or build their own as part of a $23 billion market, according to Jon Peddie Research in Tiburon, California. The machines have even become fashion statements.

Bailey, who is 26 and goes by Celeste, looks like an anime character in real life. She's rarely photographed without a pastel sweater or heart-shaped accessory. And she wanted her custom computer to match her aesthetic. "I'd Google 'PC parts' plus the word 'pink,'" she says. In the end she bought a case and spray-painted it candy pink. Inside, pink fans, lit by pink LEDs, cooled her central processing unit. In all, the whole setup cost $2,000. When it was done—and thankfully, she says, it never caught fire—Bailey posted her build online, where it received 3 million views on TikTok.

Her next, she says, will have a cooling system that's half-pink and half-blue, the same colors as her hair, and shaped as a heart.

A $42 billion industry, PC games are now the fastest-growing segment of video games, according to an April report from NewZoo. Every year, Nvidia, Corsair Gaming, Advanced Micro Devices and Asustek Computer make billions of components for specialized gaming PCs. Almost every PC maker today operates an arm that builds entire units bespoke, with the high-end average, according to Jon Peddie, hovering around $3,400 each. That's up 20% from 10 years earlier, with advances in artificial intelligence and cryptocurrency hype squeezing the graphics card supply.

Executives have realized lately that gamers don't just want powerful computers that run technically demanding games; they also want to customize them with colorful lighting and non-Euclidean case shapes. Andy Paul, chief executive officer of Corsair Gaming Inc., likens gaming PCs to today's hot rods.

"When I grew up, the most expensive thing you would own is a car," Paul says. But in the past 20 or 30 years, cars have become harder to afford, much less to customize, he says. "So, then, what do you personalize? The most expensive asset young people own today is a gaming PC." Some cost as much as $20,000.

Gamers in the 1990s bought high-end computers to compete in *Doom*, the early multiplayer shoot-'em-up game. Many realized that landing surer kill shots meant buying better components.

Thriftier consumers turned to "modding," or modifying parts for better performance. Sticking a lead pencil in a 400-megahertz CPU, for example, could juice it to 600MHz by bridging connections and increasing voltage. "This is people hanging out in the parking lot of a Fry's," Paul says.

Starforge Systems' limited-edition "Meowterspace" PC

An Optimist PC with a custom brass liquid cooling system

Corsair, in Milpitas, California, started as a small company selling computer memory solutions. Around the 2000s, the demand for overclocked memory—that is, faster than a unit's default settings—spiked along with the release of more technically demanding games. To get the energy-hungry machines going, computers needed beefier power supplies. Corsair rushed to fabricate them. "Over the years, we started to make every piece we could to help this community of hot-rod PC builders," Paul says.

Corsair made $1.4 billion in revenue in 2023 selling everything from cooling fans to glass-paneled PC cases, a trend that Paul says came from modders sawing holes into cases to show off the insides, "like a Ferrari 488 that's got glass over the engine."

This was all a long way from the box under the desk in the den. The aesthetic side of PC building took off alongside gaming tournaments in the early 2000s. Modders packed their rigs into their cars for networked *Quake* or *Counter-Strike* competitions, where onlookers could admire their creations.

For a while there was one gamer aesthetic: bright green or red lights inside a black case with black parts. Manufacturers were uninterested in cable feng shui. Over the past five years, those PCs became viewed as outdated and hypermasculine. Now, in online stores, corporations including Corsair, Logitech Europe SA and Razer are producing white, purple and, yes, pink components and peripherals (mice, keyboards, headsets, etc). It's hard to find gaming PCs without RGB, or rainbow, lights. On TikTok computers appear under hashtags for aesthetic trends, such as #cottagecore, and are viewed millions of times.

"Computers are symbols of rationality, but we're seeing videos in which half the time is spent putting little leaves, mushrooms and flowers inside them," says Stephanie Harkin, a professor in the Royal Melbourne Institute of Technology's gaming program. These aesthetics are "completely driven by social media," she says, where video game influencers from Twitch or YouTube post their builds. Viewers in the millions watch sped-up tutorials for assembling PCs like Bailey's.

For non-DIYers, dozens of specialized companies have cropped up to sell gaming rigs with unique, hand-fabricated parts and unlikely design flourishes. Ironside Computers, which started in a Las Vegas garage, recently went viral for making a gaming PC with a Gothic cathedral stained-glass window. Its "Masterworks" website tab showcases computers as expensive as used cars with names such as "Kaiju" and "Moonvein." They come with their own hype trailers. Inside them, glowing tubes of liquid coolant flow through state-of-the-art components for a science-fiction effect.

Customers of gaming PC builder iBuypower spend an average of about $2,400 for a custom-built PC and $1,600 for a prebuilt one. Generally they're men, age 18 to 35. But according to Jeffrey Cheng, the company's senior director of sales and marketing, the "clean aesthetic builds" are appealing to more women. Recently, iBuypower collaborated with the popular Instagram influencer Momodokii for a $3,000 gaming PC full of pink roses.

Experts say gamers replace PC components every four years, and each can cost hundreds of dollars. Gamers who purchased their machines during Covid are now ready for a refresh. At tech retail chain Micro Center, whose 28 brick-and-mortar stores have had aggressive growth in PC gaming sales, enthusiasts line up before opening when Nvidia releases its latest graphics cards—its 5000 series came out on Jan. 30. "When there is significant innovation in the technology of components," says Brad Kramer, the retailer's chief financial officer and chief operating officer, "enthusiasts reengage with us to upgrade."

BYE-BYE, DINNER BUFFETS

‘All-Inclusive’ Gets an Upgrade

By Lebawit Lily Girma

The small private beach at Almare

COURTESY ALMARE

At the rooftop restaurant inside Almare, a new adults-only, all-inclusive luxury resort on Mexico’s Isla Mujeres, two couples in their late 40s and 50s are sitting at the six-seat bar in the center of the room. They’re watching a muted football game on a giant plasma screen as a salsa tune plays. A light breeze blows off the Caribbean Sea; Cancún’s skyline is visible in the distance.

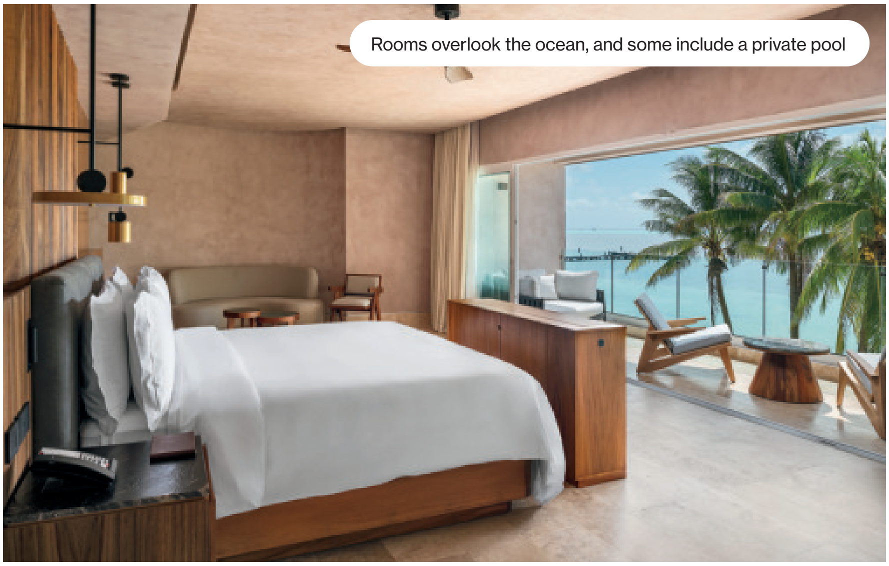
“The bar closes a little early here,” says Nicole Santiago, a Los Angeles resident who’s spending a week with her husband in one of the hotel’s low-slung oceanfront buildings with Yucatecan thatched roofs. After 10 p.m., “if you want to order, you have to go back to your room, and they’ll bring you drinks.” There’s no dancing either, she adds, unlike the vacation she took to Cancún in 1995, when she was fresh out of high school. But she’s OK with that.

Almare, a Luxury Collection hotel, is the most eagerly anticipated of Marriott International Inc.’s line of all-inclusive properties, which it’s prioritizing over the next three years. Its soft opening in November followed the takeover and renovation of Sanctuary Cap Cana, an all-inclusive in the Dominican Republic, which reopened in January 2023.

The hotelier’s goal is to rethink the 500-room buffet-centric behemoths that often pander to partyers and families, by transforming them into sumptuous retreats that are affiliated with the company’s top brands but still offer great value. Marriott will open at least 13 such spots throughout the Caribbean region by 2027, including W Hotels and Ritz-Carltons.

In doing so, the company intends to deliver on the kind of vacation it says its loyal customers have been asking for: one where guests can enjoy fine dining, premium service, hands-on cultural activities and proper relaxation without signing vibe-killing exorbitant checks at every turn.

Thirty of the 109 rooms at Almare are called suites, though not all have bedrooms and living rooms with doors between them. At press time, February rates start at $1,025 (or 114,000 Bonvoy points) per night for two people. A comparable entry-level suite at Hyatt’s all-inclusive adults-only Impression by Secrets—the next most luxurious option on Isla Mujeres—is $1,301 per night during the same month. Marriott’s two-year-old St. Regis Kanai, also



Rooms overlook the ocean, and some include a private pool

nearby, costs $705 or 90,000 points, and that's just for the room. That makes Almare a solid value.

On my December trip, I start to get my money's worth well before check-in. Most passengers arrive like I do, via Cancún, where Marriott operates a stylish and modern Renaissance Hotel in the marina zone. Almare docks its private shuttle boat there, so guests can use the Renaissance as a welcome lounge–drinks and light bites included–while waiting for the 20-minute boat transfer, which runs roughly every two hours.

The vessel docks about two miles from a squadron of music-blasting catamarans carrying Cancún day-trippers down the shore. That's not the kind of vacation I'm headed to. At Almare, I'm greeted in a zen, open-air lobby, supported by thick ocher pillars coated in a shiny resin from the endemic chukum tree. Through palm trees, I can spot a serene but small beachfront, where guests stretch on Balinese beds and sun loungers.

Over the next two days, that first impression at the dock seems to encapsulate Almare's existential dilemma: Its immediate surroundings can sometimes infringe on your blissed-out mood. But if the competition typically keeps you captive in a resort bubble, this place tries to distinguish itself by forging a relationship with the island around it.

Workshops held throughout my stay, for instance, included an outdoor pottery class taught by a local ceramicist; I was instructed to sculpt an incense holder in the shape of Chichén Itzá out of air-dry clay. It was a refreshing dash of culture atypical of the average all-inclusive; ditto a 45-minute sunrise jog to the ruins of a temple dedicated to Ixchel, the Mayan goddess of fertility. Attendance has been averaging five guests or fewer, making me wonder whether this is what Bonvoy members care about–or if they're just in it for the fancy bottomless grub.

There's plenty of that. Meals are served à la carte at three restaurants (two more are on the way), including the excellent Boga, where staff members remember my allergies each time I show up. Mayan-inflected dishes such as lobster papadzules (a large corn tortilla stuffed with poached egg, a pumpkin seed sauce and briny chunks of meat) pack big punches of bold flavor. Although there's no buffet during my stay, I'm told such options are coming soon for breakfast.

In general, food is Almare's strongest suit. Near the partly sea-facing (but freezing cold) swimming pool, the Breeze restaurant serves a smoky Tikin Xic, a local preparation of grilled whole fish, with salad and handmade tortillas. And because this is an all-inclusive, when your order of wagyu beef and foie gras ravioli comes with only three pieces, as it does at the rooftop spot Seasalt, you order another portion without a second thought. That perk is worth hundreds of dollars in value every day, if you like to eat. (Room service is similarly free and offered 24/7.)

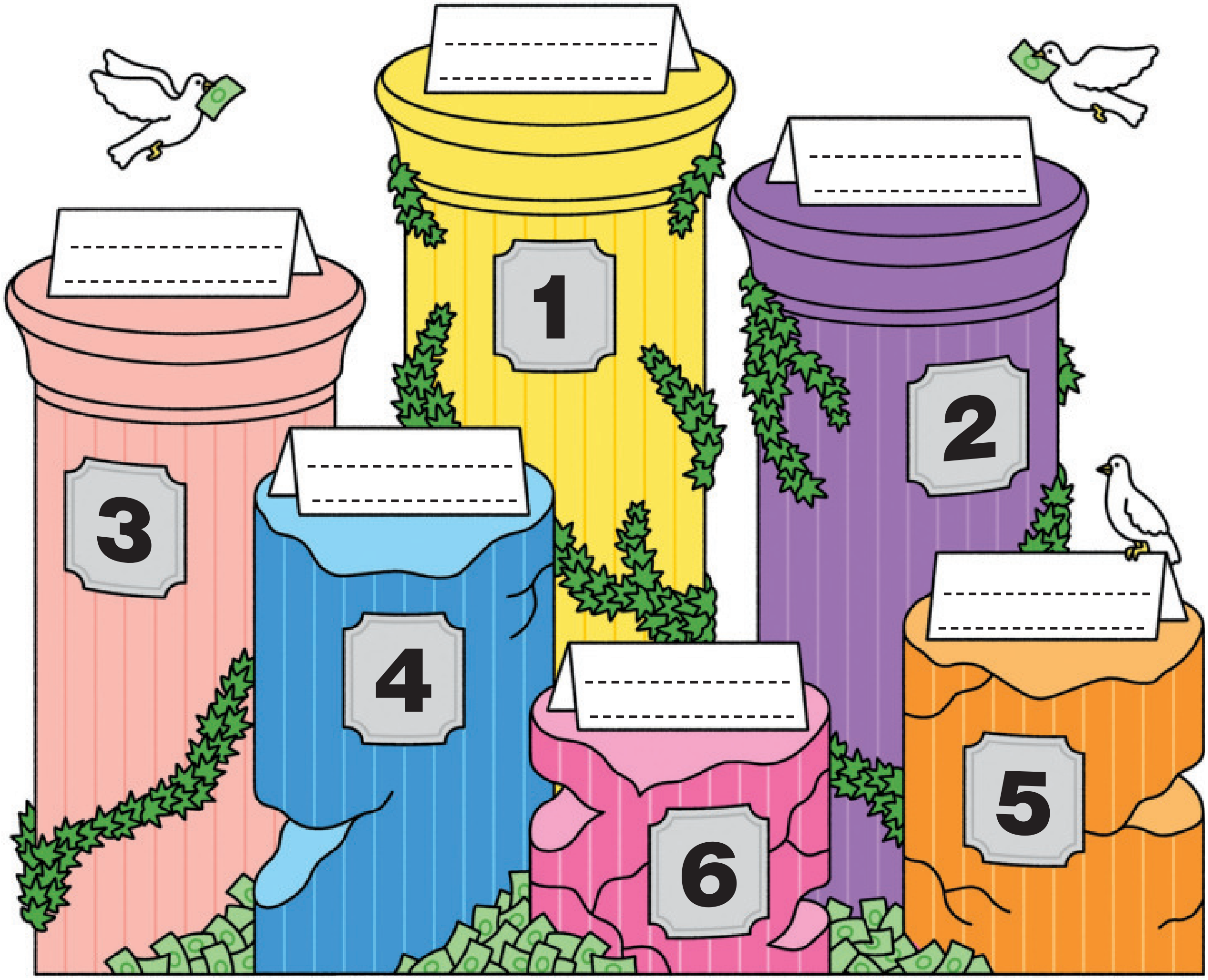
After dinner, entertainment consists of cocktails on the rooftop set to chill music–not costumed shows or limbo dance contests. But when I roll into my oceanfront suite, with its king-size bed, gigantic bathroom (including a double vanity and a soaking tub for two) and sprawling terrace, ready to sleep it all off, a familiar yet unwelcome *unst-unst-unst* rings in the distance. It's a raging party at a water park next door. Beyond Almare's property line it may be, but it echoes in my room until midnight. Ⓑ

Play Money

● **By Jeff Chen**

Thanks to last year's bullish stock market, the world's 500 richest people are now worth $10 trillion, according to data compiled by Bloomberg. Elon Musk had by far the best run, gaining more than $200 billion in 2024. But plenty of others had notable years—good and bad.

Using the clues below, rank six prominent billionaires—**Gautam Adani, Bernard Arnault, Jensen Huang, Gina Rinehart, Alice Walton** and **Mark Zuckerberg**—by their gains and losses in 2024. Put the one with the biggest gain on the top pedestal and the one with the biggest loss last. Then turn to page 4 to see if you're right.



1. Three billionaires had net gains; three had net losses.
2. The changes in net worth were $6 billion, $8 billion, $31 billion, $39 billion, $70 billion and $79 billion. Which were positive? Which were negative?
3. Huang gained money in 2024 but not as much as Zuckerberg did.
4. Adani ranked 3rd, 4th or 5th.
5. Either Rinehart or Walton had a net gain, and the other had a net loss. There's one person between them in the rankings.
6. Exactly two people are between Arnault and Walton in the rankings.
7. Walton's change in net worth was either +$39 billion or -$39 billion.

■ ILLUSTRATION BY DOMINIC KESTERTON

Bloomberg Businessweek (USPS 080 900) February 2025 (ISSN 0007-7135) Issue no. 4828 Published monthly by Bloomberg L.P. Periodicals postage paid at New York, N.Y., and at additional mailing offices. Executive, Editorial, Circulation, and Advertising Offices: Bloomberg Businessweek, 731 Lexington Avenue, New York, NY 10022. POSTMASTER: Send address changes to Bloomberg Businessweek, P.O. Box 37528, Boone, IA 50037-0528. Canada Post Publication Mail Agreement Number 41989020. Return undeliverable Canadian addresses to DHL Global Mail, 355 Admiral Blvd., Unit 4, Mississauga, ON L5T 2N1. Email: contactus@bloombergsupport.com. QST#1008327064. Registered for GST as Bloomberg L.P. GST #12829 9898 RT0001. Copyright 2025 Bloomberg L.P. All rights reserved. Title registered in the U.S. Patent Office. Single Copy Sales: Call 800-635-1200 or email: bwkcustserv@cdsfulfillment.com. Educational Permissions: Copyright Clearance Center at info@copyright.com. Printed in the U.S.A. CPPAP NUMBER 0414N68830

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